

# An Empirical Investigation of Preparers' and Users' Views on Internet Financial Reporting Disclosure Items in Malaysia

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## Abstract

This research paper seeks to empirically investigate perceptions of preparer and user of corporate annual report on the important items of internet financial reporting (IFR) disclosed on websites of listed companies. The study employs the survey questionnaires for gathering information from the respondents on significant items that should be listed under IFR disclosure index checklist. Based on an extensive literature review, the level of IFR in this study is divided into two, namely, content dimension and presentation dimension. The results indicate that income statement of the current year is the most important items in content dimension. In addition, annual report in PDF format is perceived to be the most important items in presentation dimension. The result empirically proves that 140 items could be used for IFR disclosure index checklist to ascertain IFR's level of disclosure. The paper can be considered as the first empirical study to examine the important items of the IFR disclosure index from both views; preparers and users in Malaysia. The purpose of this study is to help significant gaps in knowledge about the important items in IFR disclosure index. The findings are expected to have great use to the interested parties such as government, regulators, policy makers, standard setters, corporations, market participants, management and other institutions. This study is the first attempt to explore in depth preparers' and users' views on IFR disclosure items in Malaysia. The implication of the research findings and future research will also be discussed.

**Keywords:** Preparer; user; content; presentation; disclosure item; internet financial reporting (IFR) and Malaysia

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## 1.0 INTRODUCTION

The technology of Internet tends to revolutionise and increase the number of companies disclose their financial activities by using website (Jones & Xiao, 2004) and the economy system has been digitalized (Shiri *et al.*, 2013). Paper-based annual reports are less useful now in terms of timeliness and reliability as the world is highly relying on information and communication technologies (Ettredge *et al.*, 2002). The Internet provides an efficient means for companies to improve communications with individual financial investors, increase accessibility of financial and non-financial information, decrease costs associated with distributing hardcopy information, and increase the frequency of information disclosures (Bollen *et al.*, 2008; Kelton & Pennington, 2012; Ojah & Mokoteli, 2012). Basically, company usually exposes the activity via online such as financial information, corporate governance, corporate social responsibility (CSR), strategic information, timeliness, interactivity with user, navigability and web structure (Gallego-Alvarez *et al.*, 2011). The Internet is also a very exciting medium to look into especially with regards to presentation, disclosure and financial reporting (Ali Khan & Ismail, 2012a). Disclosure by using content and presentation format give an impact to the investor in decision making (Kelton & Pennington, 2012).

Well establishment of Internet as a medium to sharing information as a new technology for financial reporting (Valentinetti & Rea, 2012). Internet has becoming a channel for dissemination of the corporate information in recent years (Moradi *et al.*, 2011; Andrikopoulos *et al.*, 2013). Seetharaman and Subramaniam (2006) claims that so far there are no specific guidelines and standards set with regards to information dissemination through any professional bodies or government agencies websites. This situation leads to difference in internet financial reporting (IFR)'s content and presentation dimensions. IFR acts as a medium to make communication in term to exchange the information about financial information at the global level (Valentinetti & Rea, 2012). IFR is crucial as a reporting medium for communicating financial and non-financial information in order to provide a confident signal to potential investors and for strengthening the capital market (Ilias *et al.*, 2014). IFR is still characterized as being voluntarily without any legislations or guideline to control and explain the comprehensive information conveyed (Ashbaugh *et al.*, 1999; Bonson & Escobar, 2002; Marston & Polei, 2004; Hanifa & Ab. Rashid, 2005; Momany & Shorman, 2006; Kelton & Yang, 2008; Ismail & Sobhy, 2009; Homayoun *et al.*, 2011; Boubaker *et al.*, 2012).

Most of the studies done on IFR in Malaysia are in descriptive form which covers issues like types on information reported (Ismail & Tayib, 2000), IFR by Malaysian banks and financial institutions (Jamaliah *et al.*, 2001), classification of web establishment on financial disclosure (Keliwon & Aziz, 2005), different IFR practices between Malaysia and Singapore (Khadaroo, 2005a), IFR practices and its effect on auditing (Khadaroo, 2005b), information on the relationship with investors (Abdul Hamid, 2005), the importance of Internet usage for Malaysia and Singapore investors (Abdul Hamid *et al.*, 2006), previous websites' content and graphic applications (Mohamad *et al.*, 2006), the level of IFR (Ali Khan & Ismail, 2011), indexes of IFR (Ali Khan & Ismail, 2012b), and the selected aspects of IFR (Ali

Khan & Ismail, 2013). A few explanatory studies also took place, for example determinant factors that influence IFR (Hassan *et al.*, 1999; Abdul Hamid & Md Salleh, 2005; Hanifa & Ab. Rashid, 2005; Ali Khan, 2010a; Ali Khan & Ismail, 2014) and determinant factors of financial and environmental disclosures through Internet for Bursa Malaysia listed companies (Al Arussi *et al.*, 2009). Therefore, the issues of disclosure financial reporting make other researchers interested to study in this field (Andrikopoulos *et al.*, 2013).

A large number of the literatures on IFR are focused on describing and exploring the determinants of IFR, then measuring it, and finally disclosing and reporting it. However, there are limited studies that have researched the issue of important items of IFR, particularly in the context of Malaysia. Therefore, there are several reasons in order to conduct this research in Malaysia. Firstly, the success of electronic government policy in Malaysia has increased the number of companies that utilize the IFR in both the public and private sectors (Abdul Aziz *et al.*, 2011). Moreover, the growth of information technology creates revolution in obtaining information beyond the world boundaries (Shiri *et al.*, 2013) and the dynamic nature of IFR (Uyar, 2012). As a result, it is necessary to investigate further in-depth the important items in the IFR in the context of Malaysia. Secondly, based on the research done by Ali Khan *et al.* (2013), the content dimension is an important factor to influence the effectiveness of IFR as the items of IFR will help to determine the importance and usefulness of IFR in Malaysia. Thirdly, according to Kiew and Salleh (2011), there are three motivations in engaging IFR in Malaysia which are the transparency of disseminating company information increases, usage of internet to promote and create a good brand name and also practise of good corporate governance. Besides, the International Accounting Standards Committee (IASC) has published paper regarding “Business Reporting on the Internet” in the year 1999 in order to standardize IFR (Lymer *et al.*, 1999) and this followed by the similar approaches taken by Financial Accounting Standards Board (FASB) in the year 2000 (FASB, 2000). However, there is still no mandatory requirement for IFR disclosure in Malaysia (Hanifa & Ab. Rashid, 2005; Ali Khan, 2010). For that reason, the initiative of this paper is to investigate the IFR disclosure index in a more comprehensive, holistic and global way to ascertain IFR level. Thus, this study will try to fill in the loopholes existed with regard to IFR. The importance of this study is based on the fact that a wide literature reviews done by researchers have proven that not even one study had touched on the important IFR items through the view of reporting preparers and users. In addition, this study determines whether significant differences exist between the perceptions of preparers and users on the important items of IFR from different background. Furthermore, the objective of this study is to obtain empirical evidence about the extent of IFR disclosure index that can be used to describe the level of IFR among listed companies. The impact of this study will show empirical evidence that is able to contribute to the body of knowledge related to IFR research.

The reminder of the paper is arranged as follows. The second section presents a review of IFR literature. Next, the methodology used will be discussed and then followed by the findings of this study. Summary and conclusion are presented in final section.

## ■ 2.0 LITERATURE REVIEW

Since 1995, interest in the internet has grown due to the availability of the World Wide Web (WWW) (Jain & Kumar, 2013). The earlier researchers on IFR are descriptive in its characteristic (Allan & Lymer, 2003). The evolution of IFR research can be categorized into four themes; classification of IFR, descriptive studies, association studies and dimension of IFR (Ali Khan & Ismail, 2008a). The research on IFR can be divided into three main categories; descriptive research by one or more countries, research by professional bodies and explanatory research (Ali Khan, 2010). The trend of IFR researches starts from descriptive research, comparative research, association research, dimension and timeliness of IFR (Ali Khan & Ismail, 2012a; Boubaker *et al.*, 2012). Ali Khan and Ismail (2012c) stated that the evolution of IFR research can be categorized into several themes: theme and definition of IFR, classification of IFR research, descriptive studies, association studies, dimension and timeliness of IFR. Ali Khan and Ismail (2013) stated that studies on the perceptions of IFR from preparers’ and users’ perspective are very limited compared to those of traditional reporting. Perceptions studies on the benefits, factors, advantages and disadvantages of IFR are still lacking in emerging market countries especially Asian countries (Ali Khan & Ismail, 2013).

Ali Khan and Ismail (2014) discussed that issues related to index construction approach used to evaluate IFR standard received two different views which are (1) the weighted approach or (2) non weighted approach or no weightage. Based on the investigation of previous literatures, researcher finds that very little effort has been put among researchers in using the weighted approach to investigate IFR standard especially through the view of annual report preparer and user. Another point that should be taken into consideration is that IFR assessment items or dimensions used among researchers are inconsistent (Ali Khan & Ismail, 2009). This opens a space for debate with regard to the scales used in measuring IFR dimensions. However, Ali Khan and Ismail (2009) proposed utilizing content dimension and presentation dimension to ascertain IFR level for Bursa Malaysia listed companies. Content dimension will provide information on the types of information reported through the company’s website (Ali Khan & Ismail, 2009). While, presentation dimension will provide information on latest display features in disseminating corporate information and a company’s web design (Ali Khan & Ismail, 2009).

In the context of developing countries like Malaysia academic research involving IFR is still at the initial stage (Hassan *et al.*, 1999; Ismail & Tayib, 2000; Khadaroo, 2005a; Al Arussi *et al.*, 2009). Therefore, it is a necessity to carry out the study of IFR in the context of Malaysia. Ali Khan and Ismail (2012b) analysed the items which are important in IFR from the view of corporate annual report preparers. The study employs the survey questionnaires in gathering information from the respondents on significant items that should be listed under IFR checklist. Based on an extensive literature review the level of IFR in Ali Khan and Ismail (2012b) is divided into two, namely content dimension and presentation dimension. The result has shown five most important items in the current year which are: income statement of current year, balance sheet of current year, cash flow statement of current year, auditor report of current year, and annual report of current year (full text) which could illustrate the current content dimension. Presentation dimension on the other hand covers other five most important items which are the length of time taken to download the company’s website, PDF annual report format, hyperlink to financial analysis, the existence of hyperlink in the annual report and link to the website. The result empirically proves that 87 items could be used for IFR disclosure checklist to ascertain IFR’s level of disclosure.

The difference in dimensions used by researchers as mentioned earlier has opened a ground for investigation on the dimensions in order to create a clearer picture on the level of IFR. Even though a lot of researches have been carried out by accounts academicians, there is no unanimous agreement on dimensions that should be used to illustrate the level of IFR. The researcher revealed that very few researches could explain the phenomena from the view of preparers and users. Most of the previous studies are either descriptive or comparative and explanatory. Thus, this study will provide a very important input for IFR disclosure index checklist construction. An

effort by previous researchers in gauging preparers' and users' view on how IFR disclosure index checklist should be constructed is very limited. Previous studies show that IFR disclosure index was constructed based solely on index listed by previous researchers. The uniqueness of this IFR disclosure index is that it takes into consideration inputs from preparers and users of corporate annual report. Thus, the finding is very significant as it is able to give empirical evidence for literature review related to disclosure item essential in IFR disclosure index checklist.

### ■ 3.0 RESEARCH DESIGN

Two main techniques are used to ascertain the level of IFR namely non weighted scoring system (Ashbaugh *et al.*, 1999; Bonson & Escobar, 2002; Debreceeny *et al.*, 2002; Allam & Lymer, 2003; Oyeleru *et al.*, 2003; Bonson & Escobar, 2006; Celik *et al.*, 2006; Chan & Wickramasinghe, 2006; Abdelsalam *et al.*, 2007; Kelton & Yang, 2008; Al Arussi *et al.*, 2009; Mohd Hanafi *et al.*, 2009; Ali Khan, 2010; Aly *et al.*, 2010; Ali Khan & Ismail, 2011; Ali Khan & Ismail, 2012b) and weighted scoring system (Davey & Homkajohn, 2004; Marston & Polei, 2004; Mohd Hanafi *et al.*, 2009). Non-weighted scoring technique is the most popular technique used to ascertain the level of IFR among companies. When the study was taking place, the researcher found that there are very limited studies done by using weighted scoring system to ascertain the level of IFR. Weighted scoring system allows each percentage of index items evaluated (Inchausti, 1997). This study uses questionnaire to survey the importance of IFR disclosure index in view of preparers and users and corporate annual report.

The target preparers of IFR are chief financial officer (CFO), finance manager (FM) and accountants. CFO, FM, auditor or accountants of the public companies listed. CFOs are chosen because they are the senior executives who are responsible for both accounting and financial operations (Jiambalvo, 2004), these individuals also have the necessary knowledge and competency regarding IFR matters (Ho & Wong, 2003; Mohd Isa, 2006), they are ultimately responsible for the preparation of the financial reports either annual and interim (Ku Ismail & Chandler, 2007) and they are knowledgeable, and skilful, and maintain high professional standards and ethical values (Gomes, 2009). Accountants' roles as gatekeepers, interpreters and beneficiaries of the accounting process they have significant influence in shaping reality (Morgan, 1988). Accountants have been instrumental in imposing an increasingly rigid and pervasive structure of regulation (Gowthorpe, 2000).

The target users of IFR are academic, student, bank officer and manager. It is important to look through the users' perspectives wanted highly detailed disclosures (Hay & Antonio, 1990). Views from corporate annual report users (share broker, remisier, business owner, graduates, academicians and other public users) are exposed to accounting information and have essential knowledge on how to use information contained in the annual report (Mohd Isa, 2006). Users of corporate annual report (accountants, executives/manager, bankers, assessors/tax officers, academics, financial analysts and investors) are chosen because they are well educated, knowledgeable in accounting, highly experienced and interested in investments in shares of companies (Zoysa & Rudkin, 2010). Academics were chosen as a proxy group for corporate annual report users in this study because they were considered to be responsible for accounting education geared towards meeting the country's need for professional accountants (Mishekary & Saudagaran, 2005). Students are believed to be corporate annual report users because of the nature of their academic specialization (Mohd Isa, 2006). Bank officer acts as a representative of a market economy (Mishekary & Saudagaran, 2005). Managers were also chosen as a proxy group for corporate annual report users in this study because they were considered to be responsible for make daily decisions affecting business process (Barsky & Catanach, 2011; Moghadam *et al.*, 2013). Auditors were chosen to obtain their feedback on IFR regarding the increasing number of issues in the auditors' environment such as the role and responsibility of information on websites, the high potential of unaudited financial reporting, omission of audit reports, inappropriate audit issues, and also the timing and nature of the content form of audit reports on the website (Griffiths, 2012).

Financial disclosure is an abstract concept that cannot be measured directly. A suitable proxy like reporting index could be used to determine information reported by a company (Cooke & Wallace, 1989). Therefore, one of the important functions of this study involves selecting items reported in Bursa Malaysia Listed Companies to determine their level of IFR. Thus, the broad-based approach (see Haniffa, 1999) is used in selecting items for the checklist. According to Sekaran (2003), broad problem area refers to overall situation that shows a possible need for research to find solutions. Furthermore, there are three procedures for constructing disclosure index (Curuk, 2008). The procedures involve opening spreadsheet for disclosure score, calculation score, disclosure item score and disclosure index score. Based on the ground that there is no general theory that could be used in relation to the number and selections of items that need to be listed in the disclosure (Wallace, 1988; Wallace *et al.*, 1994; Haniffa, 1999), previous study related to IFR disclosure index will be taken as guidelines whereby the number of items will start at the eleventh items (Abdelsalam & Street, 2007; Ezat & El-Masry, 2008) until 205 items (Mohd Hanafi *et al.*, 2009). The step is similar as the IFR checklist items constructed by Haniffa (1999), Ali Khan (2010), Ali Khan and Ismail (2010) and Ali Khan and Ismail (2012b).

Data from questionnaires were collected through post. Every respondent received a code questionnaire together with a letter stating that the information is private and confidential. Each questionnaire was enclosed with a stamped envelope addressed to the researcher. As some of the 155 items are likely to be perceived as being more important than others, importance weighting are attach to each. The weightings were obtained by sending a list of the 155 items to respondents and asking them to grade the importance of each item on a 1 to 5 scale, where 5 meant the item was very important, 4 meant the item was important, 3 related to moderately important, 2 meant slightly important, and 1 related to unimportant. The mean score was used as the weighting for each individual item of disclosure. Each respondent received a marked questionnaire (for tracking purposes) together with a letter outlining the objective of the research, respondent confidentiality, and availability of survey result upon request, as well as a stamped addressed envelope. We sent questionnaire to solicit their opinion on important items of IFR. In order to determine the importance of item in IFR a perception survey of preparers and five user-groups in Malaysia was conducted. The responses received from the questionnaire delivered are shown in Table 1. 376 questionnaires out 940 sent were secured back with the respond rate of 40.0% percent, which is higher than the ample response rate (i.e. 15 to 20 percent) for a questionnaire survey (Standen, 1998). Frazer and Lawley (2000) claimed that the results of most studies using survey method obtained the response rate of 10% or lesser. The response rate is considered as sufficient based on the fact that the response rate for survey method through post in Malaysia is around 10 to 16 percent (PricewaterhouseCoopers, 2002). This study respond rate is quite sufficient as compare with other previous studies which were 16.8 percent and 17.2 percent (Ho & Wong, 2001a), 14 percent (Ku Ismail & Chandler,

2005), 13.29 percent (Mohd Isa, 2006), 15.10 percent (Gibbins *et al.*, 2007), 10.30 percent (Leng *et al.*, 2007), and 15.11 percent (Ali Khan, 2010). Various efforts had been taken to improve the response rate including sending first and second reminders.

**Table 1** Distribution of respondents

| No.          | User Group   | Respond                          |
|--------------|--------------|----------------------------------|
| 1            | Preparer     | 68 out of 450 = 15.11%           |
| 2            | Academic     | 34 out of 50 = 68%               |
| 3            | Student      | 74 out of 80 = 93%               |
| 4            | Manager      | 106 out of 150 = 71%             |
| 5            | Bank officer | 54 out of 110 = 49%              |
| 6            | Auditor      | 40 out of 100 = 40%              |
| <b>Total</b> |              | <b>376 Malaysian respondents</b> |

The result will compare with overall perception included preparers and users. Therefore, the construction, structure and validation of the questionnaire for this research were based on an extensive review of the literature and previous similar questionnaire surveys which are relevant on this research. Thus, this research is based totally on the accounting standards and regulations guideline. Some items in this questionnaire were derived from discussion with the person that have knowledge and experience deal with this topic especially the person expose on accounting field. Subsequently, a pilot survey was conducted before the final questionnaires were sent to the respondent to ensure that the question were appropriate, would work as intended and were properly sequenced and worded (Ott *et al.*, 1983). Furthermore, a content validity test was conducted to ensure that the measures include sufficient coverage of the investigated questions (Cooper & Schindler, 2006). The IFR index disclosure checklist was tested during the pre and pilot study. Local and international academicians' reviews were obtained when constructing IFR disclosure item index checklist. Then, the disclosure checklist had been reviewed by accounting practitioners and found it to be understandable, appropriate in length for the purpose of the study, and the content to be clear and have sufficient coverage.

There are three sections in order to finalize the questionnaire. The first section of the questionnaire has 97 questions which finalize the perception which items are important in the content dimension. The second section of questionnaire has 58 questions which analyse which items are important in the presentation dimension. Final section of questionnaire consists of subsection questions which analyse about information on demography profile and several perceptions about IFR. Thus, each of the respondents is allowed to give any comments based on their observation and able to give suggestion according to their observation related to disclose of IFR in Malaysia. In addition, this study provides evidence that there are some differences in the perception of respondents particularly between the preparers and users towards each item presented according to their perceptions towards disclosure items through IFR.

#### ■4.0 RESULTS AND DISCUSSION

From the data shown in Table 2, out of 376 respondents 175 were males (46.5%) and 201 were females respondents (53.5%). On the other hand, 179 of respondents in range age below than 30 years (47.6%), while 116 of respondents were 31 to 40 years (30.9%). Hence, 60 respondents in age range of 41-50 years (16.0%) and only 21 of respondents between 51-60 years (5.6%). In terms of academic qualification, 143 respondents are diploma holders (38.0%), 157 respondents are degree or professional holders (41.8%), nine respondents are PhD holders (2.4%), while 67 respondents are master holders (17.8%). Lastly, respondents' position in their organization such 36 as chief finance officer (9.6%), 21 respondents as finance manager (5.6%), 11 respondents as accountants (2.9%). 34 respondents from academic member (9.0%), 74 respondents from university students (19.7%). While, 106 respondents works as executive officer (28.2%), 54 respondents as bank officer (14.4%) and 40 respondents as auditor (10.6%).

**Table 2** Profile of respondents

| Demographic              | Item                  | Preparers |      | Users     |      | Total       |
|--------------------------|-----------------------|-----------|------|-----------|------|-------------|
|                          |                       | Frequency | %    | Frequency | %    |             |
| Gender                   | Male                  | 46        | 12.2 | 129       | 34.3 | 175 (46.5%) |
|                          | Female                | 22        | 5.9  | 179       | 47.6 | 201 (53.5%) |
| Age                      | < 30 years            | 6         | 1.6  | 173       | 46.0 | 179 (47.6%) |
|                          | 31 – 40 years         | 27        | 7.2  | 89        | 23.7 | 116 (30.9%) |
|                          | 41- 50 years          | 26        | 6.9  | 34        | 9.0  | 60 (16.0%)  |
|                          | 51 - 60 years         | 9         | 2.4  | 12        | 3.2  | 21 (5.6%)   |
| Academic qualification   | Diploma               | 3         | .8   | 140       | 37.2 | 143 (38.0%) |
|                          | Degree                | 49        | 13.0 | 108       | 28.7 | 157 (41.8%) |
|                          | Master                | 16        | 4.3  | 51        | 13.6 | 67 (17.8%)  |
|                          | PhD                   | -         | -    | 9         | 2.4  | 9 (2.4%)    |
| Position in Organization | Chief Finance Officer | 36        | 9.6  | -         | -    | 36 (9.6%)   |
|                          | Finance Manager       | 21        | 5.6  | -         | -    | 21 (5.6%)   |
|                          | Accountant            | 11        | 2.9  | -         | -    | 11 (2.9%)   |
|                          | Academician           | -         | -    | 34        | 9.0  | 34 (9.0%)   |
|                          | University Student    | -         | -    | 74        | 19.7 | 74 (19.7%)  |
|                          | Executive Officer     | -         | -    | 106       | 28.2 | 106 (28.2%) |
|                          | Bank Officer          | -         | -    | 54        | 14.4 | 54 (14.4%)  |
|                          | Auditor               | -         | -    | 40        | 10.6 | 40 (10.6%)  |

#### 4.1 Content Dimension

Table 3 presents the result of preparers' and users' perception on the importance of items of disclosure for content dimension. In order to measure the beneficial disclose financial report through Internet, it is crucial to measure what is the most important item needed by both respondents to review in content dimension. Hence, the information needed by both respondents can be disclosed in the financial report and fulfill their expectation. Both preparers and users are asked to rate the perceived importance of 97 items included in content dimension.

As a result, this indicates that preparers rank the content dimension in income statement of current year (mean = 4.60) as the most important item, balance sheet of current year (mean = 4.57) as a second important medium, and cash flow statement of current year (mean = 4.57) as the third important item. However, users take a slightly different view. The users also considered income statement of current year (mean = 4.42) as the most important source of information. However, the second important item that needed by them is cash flow statement of current year (mean = 4.39). Lastly, the third important information needed by users is balance sheet of current year (mean = 4.37). Both respondents give the positive feedback related to each item presented in the content dimension. Meaning that all the items are relevant which the mean exceed (mean = 3.00). Thus, both respondents believe that the most effective financial report is the financial report provided with all the criteria needed by the respondents and always be updated based on the current year.

In addition, there are also significant differences between the preparers and users over the criteria on half year report of current year. The mean score given by preparers is 4.10 (ranked no. 24). However, for the users, they do not consider half year report of current year as the most important item in the content dimension (mean = 3.87) rank number 42. Normally, preparers need it in order to analyse the potential of the company for the whole year rather than the users need it mostly for the current year only. Lastly, text of speeches and presentations (preparers mean = 3.07, users mean = 3.32) are considered to be slightly important to both preparers and users groups. This item is ranked almost the last yet it is still relevant to the preparers and users. This is not surprising because those particular items are not necessary for both groups because not much information needed by them in that area.

A Mann-Whitney tests on the 97 disclosure items for content dimension included in the questionnaire was carried out to give interested decision making parties (such as regulator, professional bodies and standard setting boards) a better insight into desirability and level of agreement which may exist among preparers and users about IFR disclosure items. The results indicate that there is a significant difference at the level of 5% for 21 items and is a significant difference at the level of 1% for 24 items. The results provide an indication of the items which are interested by preparer versus user in the content dimension that should be disclosed in corporate website.

**Table 3** Perceptions on the importance items of disclosure for content dimension

| Disclosure Item   | Preparers |       |      | Users |      |      | Overall |      |      | M-W test Sig. |
|---|-----------|-------|------|-------|------|------|---------|------|------|---------------|
|   | Mean      | SD    | Rank | Mean  | SD   | Rank | Mean    | SD   | Rank |               |
| <i>Great importance</i>   |           |       |      |       |      |      |         |      |      |               |
| Income statement of current year  | 4.60      | .672  | 1    | 4.42  | .687 | 1    | 4.45    | .687 | 1    | .018*         |
| Cash flow statement of current year                                       | 4.57      | .676  | 3    | 4.39  | .698 | 2    | 4.43    | .696 | 2    | .024*         |
| Balance sheet of current year   | 4.57      | .654  | 2    | 4.37  | .739 | 3    | 4.40    | .728 | 3    | .023*         |
| Annual report of current year (full text)                                 | 4.46      | .700  | 5    | 4.34  | .731 | 4    | 4.37    | .725 | 4    | .241          |
| Auditor report of current year  | 4.51      | .635  | 4    | 4.32  | .747 | 5    | 4.36    | .731 | 5    | .063          |
| Notes to financial statements of current year                             | 4.46      | .742  | 6    | 4.29  | .692 | 7    | 4.32    | .703 | 6    | .027*         |
| Income statement of past years  | 4.37      | .710  | 9    | 4.29  | .724 | 6    | 4.30    | .721 | 7    | .374          |
| Cash flow statement of past year  | 4.31      | .758  | 13   | 4.25  | .702 | 8    | 4.26    | .712 | 8    | .387          |
| Balance sheet of past years   | 4.32      | .722  | 12   | 4.22  | .752 | 9    | 4.24    | .747 | 9    | .320          |
| Annual report of past years (full text)                                   | 4.29      | .734  | 14   | 4.21  | .759 | 10   | 4.23    | .754 | 10   | .416          |
| Statement of changes in shareholders' equity                              | 4.37      | .790  | 8    | 4.17  | .764 | 13   | 4.20    | .772 | 11   | .029*         |
| Auditor report of past years  | 4.29      | .774  | 16   | 4.17  | .799 | 12   | 4.19    | .795 | 12   | .257          |
| English version of financial  | 4.38      | .847  | 7    | 4.12  | .796 | 15   | 4.17    | .811 | 13   | .004**        |
| Accounting policy   | 4.34      | .725  | 11   | 4.13  | .811 | 14   | 4.16    | .800 | 14   | .050*         |
| Auditor signature of current year   | 4.04      | 1.165 | 26   | 4.17  | .822 | 11   | 4.15    | .893 | 15   | .893          |
| Financial Reporting Standards (FRS) basis in the current year             | 4.29      | .774  | 15   | 4.10  | .763 | 18   | 4.14    | .767 | 16   | .039*         |
| Dividend information  | 4.18      | .772  | 18   | 4.11  | .720 | 17   | 4.12    | .736 | 17   | .388          |
| Notes to financial statements of past years                               | 4.21      | .839  | 17   | 4.08  | .786 | 20   | 4.11    | .796 | 18   | .208          |
| Web page in English   | 4.35      | .728  | 10   | 4.05  | .835 | 23   | 4.10    | .825 | 19   | .006**        |
| Management report/analysis in current year                                | 4.07      | .834  | 25   | 4.11  | .804 | 16   | 4.10    | .808 | 20   | .737          |
| Analyses of main business risks   | 4.13      | .896  | 20   | 4.09  | .788 | 19   | 4.10    | .808 | 21   | .387          |
| Supplement or amendment to current year annual report                     | 4.12      | .820  | 23   | 4.06  | .751 | 21   | 4.07    | .763 | 22   | .470          |
| Changes in stockholders' equity in the current year                       | 4.03      | .914  | 27   | 4.06  | .706 | 22   | 4.05    | .746 | 23   | .845          |
| Users quickly find the financial information                              | 3.91      | .748  | 37   | 4.03  | .756 | 25   | 4.01    | .755 | 24   | .214          |
| Auditor signature in past years report                                    | 3.88      | 1.191 | 40   | 4.03  | .861 | 24   | 4.00    | .930 | 25   | .813          |
| <i>Moderate importance</i>  |           |       |      |       |      |      |         |      |      |               |
| Summary of financial data over a period of at least five years            | 3.96      | .836  | 30   | 3.97  | .817 | 26   | 3.97    | .819 | 26   | .936          |
| Summary of annual report of current year                                  | 3.96      | .905  | 31   | 3.95  | .764 | 31   | 3.95    | .790 | 27   | .727          |
| Current year information can be distinguished from last years information | 3.81      | .966  | 47   | 3.97  | .811 | 27   | 3.94    | .842 | 28   | .316          |
| Segmental reporting by line of business in current year                   | 4.12      | .764  | 21   | 3.91  | .775 | 35   | 3.94    | .776 | 29   | .034*         |

| Disclosure Item  | Preparers |       |      | Users |      |      | Overall |       |      | M-W test<br>Sig. |
|--|-----------|-------|------|-------|------|------|---------|-------|------|------------------|
|  | Mean      | SD    | Rank | Mean  | SD   | Rank | Mean    | SD    | Rank |                  |
| Financial ratios   | 3.94      | .790  | 33   | 3.93  | .806 | 32   | 3.93    | .802  | 30   | .078             |
| CEO signature in the report  | 3.74      | 1.115 | 51   | 3.95  | .971 | 29   | 3.91    | 1.000 | 31   | .155             |
| Summary of key ratios over a period of at least five years                           | 3.93      | .834  | 35   | 3.91  | .820 | 33   | 3.91    | .822  | 32   | .913             |
| Half-year report of current year   | 4.10      | .849  | 24   | 3.87  | .786 | 42   | 3.91    | .802  | 33   | .013*            |
| Sales of key products  | 3.71      | .793  | 52   | 3.95  | .805 | 30   | 3.90    | .808  | 34   | .017*            |
| Historical share prices  | 3.53      | .906  | 65   | 3.97  | .784 | 28   | 3.89    | .824  | 35   | .000**           |
| Company address  | 3.81      | .885  | 45   | 3.91  | .800 | 37   | 3.89    | .815  | 36   | .383             |
| Corporate information  | 4.12      | .783  | 22   | 3.83  | .797 | 45   | 3.88    | .801  | 37   | .008**           |
| Directors shareholding information   | 3.79      | .764  | 48   | 3.87  | .827 | 41   | 3.86    | .816  | 38   | .358             |
| Top 10 stockholders in current year  | 3.96      | .888  | 29   | 3.82  | .856 | 46   | 3.85    | .863  | 39   | .228             |
| Annual report of current year (excerpt)  | 3.78      | 1.005 | 49   | 3.84  | .858 | 44   | 3.83    | .885  | 40   | .799             |
| Link to Bursa Malaysia websites  | 3.60      | .979  | 59   | 3.88  | .796 | 39   | 3.83    | .838  | 41   | .026*            |
| Quarterly report of current year   | 4.15      | .919  | 19   | 3.74  | .886 | 63   | 3.82    | .904  | 42   | .000**           |
| Indicator for finding current information directly                                   | 3.57      | .798  | 60   | 3.88  | .781 | 40   | 3.82    | .792  | 43   | .009**           |
| Information on the date of latest websites update                                    | 3.88      | .856  | 39   | 3.79  | .950 | 49   | 3.81    | .934  | 44   | .591             |
| Recent monthly financial data  | 3.38      | 1.037 | 74   | 3.91  | .818 | 34   | 3.81    | .884  | 45   | .000**           |
| Members of the Board of Directors  | 3.96      | .921  | 32   | 3.78  | .832 | 54   | 3.81    | .850  | 46   | .124             |
| Information regarding a dividend reinvestment plan                                   | 3.60      | .933  | 56   | 3.85  | .793 | 43   | 3.81    | .824  | 47   | .048*            |
| Information on corporate strategy  | 3.81      | .918  | 46   | 3.79  | .792 | 52   | 3.80    | .815  | 48   | .709             |
| Chairman's report  | 3.99      | .906  | 28   | 3.75  | .885 | 60   | 3.79    | .892  | 49   | .034*            |
| Annual general meetings information  | 3.69      | .851  | 53   | 3.81  | .872 | 48   | 3.79    | .869  | 50   | .199             |
| Charters for the audit committee   | 3.82      | .791  | 41   | 3.79  | .823 | 51   | 3.79    | .816  | 51   | .769             |
| Segmental reporting by line of business in past years                                | 3.93      | .779  | 34   | 3.75  | .811 | 62   | 3.78    | .807  | 52   | .085             |
| Shareholder information  | 3.82      | .897  | 44   | 3.75  | .872 | 61   | 3.77    | .875  | 53   | .631             |
| Number of share traded   | 3.24      | .994  | 86   | 3.89  | .800 | 38   | 3.77    | .874  | 54   | .000**           |
| Segmental reporting by region in current year  | 3.69      | .981  | 54   | 3.78  | .840 | 53   | 3.77    | .866  | 55   | .595             |
| Share price performance in relation to stock market index                            | 3.13      | 1.064 | 90   | 3.91  | .740 | 36   | 3.77    | .860  | 56   | .000**           |
| Company's charter in the current year  | 3.82      | .809  | 43   | 3.74  | .848 | 64   | 3.76    | .841  | 57   | .608             |
| Current year resolutions of shareholders' meeting                                    | 3.54      | 1.112 | 64   | 3.76  | .893 | 57   | 3.72    | .938  | 58   | .074             |
| Annual report of past years (excerpt)  | 3.65      | .943  | 55   | 3.73  | .867 | 65   | 3.72    | .880  | 59   | .538             |
| Half-year report of past years   | 3.93      | .869  | 36   | 3.68  | .849 | 73   | 3.72    | .857  | 60   | .030*            |
| Disclaimer   | 3.75      | .952  | 50   | 3.72  | .775 | 69   | 3.72    | .809  | 61   | .793             |
| Share price graphs   | 3.35      | 1.048 | 77   | 3.79  | .837 | 50   | 3.71    | .894  | 62   | .001**           |
| Specific update time for the stock/share price data                                  | 3.46      | .953  | 70   | 3.77  | .844 | 56   | 3.71    | .872  | 63   | .004**           |
| Corporate social responsibility report   | 3.82      | .732  | 42   | 3.68  | .814 | 75   | 3.70    | .800  | 64   | .230             |
| Share quote  | 3.10      | .979  | 94   | 3.82  | .790 | 47   | 3.69    | .871  | 65   | .000**           |
| Projected information  | 3.57      | .886  | 61   | 3.72  | .859 | 68   | 3.69    | .864  | 66   | .183             |
| Frequently Asked Question (FAQ)  | 3.40      | .933  | 73   | 3.76  | .788 | 58   | 3.69    | .827  | 67   | .002**           |
| Other than English web page (such as Malay)  | 3.34      | 1.002 | 79   | 3.75  | .903 | 59   | 3.67    | .933  | 68   | .002**           |
| Segmental reporting by region in past years  | 3.60      | .949  | 57   | 3.69  | .847 | 71   | 3.67    | .866  | 69   | .579             |
| Current year resolutions of the Board of Directors                                   | 3.35      | 1.207 | 78   | 3.73  | .807 | 67   | 3.66    | .903  | 70   | .016*            |
| Classes of shares  | 3.12      | 1.030 | 92   | 3.78  | .788 | 55   | 3.66    | .873  | 71   | .000**           |
| Indication of audited and unaudited information (half yearly and quarterly)          | 3.49      | 1.015 | 68   | 3.69  | .810 | 72   | 3.66    | .853  | 72   | .111             |
| Information on intellectual capital  | 3.54      | .937  | 63   | 3.68  | .829 | 74   | 3.66    | .850  | 73   | .296             |
| Quarterly report of past years   | 3.91      | .958  | 38   | 3.57  | .905 | 89   | 3.64    | .922  | 74   | .005**           |
| Calendar of future financial activities  | 3.40      | .883  | 72   | 3.69  | .851 | 70   | 3.64    | .863  | 75   | .010**           |
| Code of conduct and ethics for directors, officers and employee                      | 3.60      | .949  | 58   | 3.63  | .916 | 82   | 3.63    | .921  | 76   | .780             |
| Information about managers, at least the identity and curriculum vitae of executives | 3.57      | .919  | 62   | 3.467 | .908 | 79   | 3.63    | .909  | 77   | .692             |
| Postal address to investor relations   | 3.47      | .872  | 69   | 3.66  | .894 | 76   | 3.62    | .892  | 78   | .087             |
| Monthly share prices   | 3.10      | .917  | 93   | 3.73  | .823 | 65   | 3.62    | .874  | 79   | .000**           |
| Current press releases or news   | 3.51      | .855  | 66   | 3.64  | .818 | 81   | 3.61    | .825  | 80   | .276             |
| Current year resolutions of the Supervisory Board                                    | 3.29      | 1.173 | 81   | 3.66  | .833 | 77   | 3.59    | .913  | 81   | .016*            |
| Phone number to investor relations   | 3.41      | .966  | 71   | 3.63  | .891 | 83   | 3.59    | .908  | 82   | .086             |
| Current share prices   | 3.28      | .912  | 82   | 3.65  | .818 | 78   | 3.59    | .847  | 83   | .001**           |
| Employee shareholding information  | 3.31      | .935  | 80   | 3.64  | .890 | 80   | 3.58    | .906  | 84   | .005**           |
| Corporate governance principles/guidelines   | 3.51      | .985  | 67   | 3.59  | .851 | 87   | 3.58    | .876  | 85   | .610             |
| Information of third party opinion about company                                     | 3.28      | 1.077 | 83   | 3.63  | .880 | 84   | 3.57    | .927  | 86   | .012*            |
| Calendar of events of interests to investors   | 3.37      | .945  | 75   | 3.61  | .860 | 85   | 3.57    | .880  | 87   | .038*            |
| E-mail to investor relations   | 3.37      | .945  | 76   | 3.57  | .872 | 90   | 3.53    | .888  | 88   | .088             |

| Disclosure Item   | Preparers |       |      | Users |      |      | Overall |      |      | M-W test Sig. |
|---|-----------|-------|------|-------|------|------|---------|------|------|---------------|
|   | Mean      | SD    | Rank | Mean  | SD   | Rank | Mean    | SD   | Rank |               |
| Option provided to register for future email alerts (press releases, newsletters, etc.) | 3.09      | .707  | 95   | 3.61  | .793 | 86   | 3.52    | .803 | 89   | .000**        |
| Listing of analysts following the firm  | 3.16      | .908  | 87   | 3.58  | .801 | 88   | 3.51    | .836 | 90   | .000**        |
| Monthly or weekly sale or operating data  | 3.04      | .984  | 97   | 3.56  | .877 | 91   | 3.47    | .917 | 91   | .000**        |
| Past year resolutions of the Board of Directors   | 3.16      | 1.114 | 89   | 3.53  | .840 | 92   | 3.46    | .905 | 92   | .012*         |
| Past year resolutions of shareholders' meeting  | 3.26      | 1.060 | 84   | 3.49  | .817 | 94   | 3.45    | .869 | 93   | .169          |
| Past year resolutions of the Supervisory Board  | 3.16      | 1.087 | 88   | 3.49  | .860 | 93   | 3.43    | .912 | 94   | .032*         |
| Glossaries  | 3.12      | .970  | 91   | 3.47  | .817 | 95   | 3.41    | .856 | 95   | .002**        |
| Charters of others committees   | 3.25      | .817  | 85   | 3.41  | .874 | 96   | 3.38    | .865 | 96   | .168          |
| Text of speeches and presentations  | 3.07      | .816  | 96   | 3.32  | .905 | 97   | 3.28    | .894 | 97   | .036*         |

\*significant at 5% level (21) \*\*significant at 1% level (24) (1 = not important at all; 5 = very importance)

## 4.2 Presentation Dimension

Results of preparers and users are according to their perceptions on the importance of items of disclosure for presentation dimension in Table 4. Thus, both groups were asked to answer around 58 questions regarding which criteria are the most important for them in presentation dimension shown. In order to understand what are the criteria preparers needed during accessing the annual report through Internet, users were also asked to indicate their wants during analysing annual report through Internet. Table 4 indicates that preparers are most interested of four items such as in loading time of the website below 10 seconds (mean = 4.34), annual report in PDF format (mean = 4.26), hyperlinks inside the annual report (mean = 4.09) and hyperlink to financial analysts (mean = 4.09) as the most important item which exceed (mean = 4.00). Besides, the rest item categorize as moderate important such as link to homepage (mean = 3.93), link to top homepage (mean = 3.87) and ability to download reports (mean = 3.85). Lastly, there are five items not relevant because the mean lowest than (mean = 2.00) which the ranking from 54 to 58.

In contrast, a majority of users prefer to choose seven items as the most important such as annual report in PDF format (mean = 4.20), loading time of the website below 10 seconds (mean = 4.13), link to homepage (mean = 4.08) and hyperlink inside the annual report (mean = 4.07). While, the balance of the items being considered as moderate important such as link to top homepage (mean = 3.99), financial data in processable format (such as Excel) (mean = 3.99), direct e-mail contacts (feedback) available (mean = 3.98), use of multimedia technology (in general) (mean = 3.94).

From the observation towards both groups mostly agree that items in presentation dimension are the most important criteria in order to analyse financial report by using Internet. Hence, it will actually influence their mood or affect their emotion if the service given is in worst condition because it will waste their time during analysing financial report. A Mann-Whitney tests on the 58 disclosure items for presentation dimension included in the questionnaire was carried out to give interested decision making parties (such as regulator, professional bodies and standard setting boards) a better insight into desirability and level of agreement which may exist among preparers and users about IFR disclosure items. The results indicate that there is a significant difference at the level of 5% for two items and a significant difference at the level of 1% for 43 items. The results provide an indication of the items which are interested by preparer versus user in the presentation dimension that should be disclosed in corporate website.

**Table 4** Perceptions on the importance items of disclosure for presentation dimension

| Disclosure Item  | Preparers |       |      | Users |      |      | Overall |      |      | M-W test Sig. |
|--|-----------|-------|------|-------|------|------|---------|------|------|---------------|
|  | Mean      | SD    | Rank | Mean  | SD   | Rank | Mean    | SD   | Rank |               |
| <i>Great importance</i>  |           |       |      |       |      |      |         |      |      |               |
| Annual report in PDF format  | 4.26      | .704  | 2    | 4.20  | .751 | 1    | 4.21    | .742 | 1    | .579          |
| Loading time of the website below 10 seconds                               | 4.34      | .784  | 1    | 4.13  | .830 | 2    | 4.17    | .825 | 2    | .054*         |
| Hyperlinks inside the annual report  | 4.09      | .876  | 3    | 4.07  | .820 | 4    | 4.07    | .829 | 3    | .790          |
| Hyperlinks to financial analysts   | 4.09      | .893  | 4    | 4.05  | .783 | 5    | 4.06    | .803 | 4    | .552          |
| Link to homepage   | 3.93      | .852  | 5    | 4.08  | .733 | 3    | 4.05    | .757 | 5    | .185          |
| Link to table of contents  | 3.85      | .815  | 8    | 4.05  | .751 | 6    | 4.01    | .766 | 6    | .060          |
| Ability to download reports  | 3.85      | .778  | 7    | 4.04  | .820 | 7    | 4.00    | .815 | 7    | .080          |
| <i>Moderate importance</i>   |           |       |      |       |      |      |         |      |      |               |
| Link to top homepage   | 3.87      | .845  | 6    | 3.99  | .742 | 8    | 3.97    | .762 | 8    | .252          |
| Financial data in processable format (Excel)                               | 3.72      | 1.063 | 10   | 3.99  | .846 | 9    | 3.94    | .894 | 9    | .077          |
| Direct e-mail contacts (feedback) available                                | 3.72      | .750  | 9    | 3.98  | .805 | 10   | 3.94    | .801 | 10   | .007**        |
| Use of multimedia technology (in general)                                  | 3.68      | .762  | 11   | 3.94  | .823 | 11   | 3.89    | .817 | 11   | .009**        |
| Format of reports suitable for calculations                                | 3.56      | .920  | 17   | 3.89  | .829 | 16   | 3.83    | .854 | 12   | .003**        |
| Change to printing friendly format possible                                | 3.57      | .816  | 14   | 3.89  | .797 | 15   | 3.83    | .808 | 13   | .003**        |
| Internal search engine   | 3.56      | .835  | 16   | 3.86  | .819 | 17   | 3.82    | .823 | 14   | .004**        |
| Clear boundaries for annual reports  | 3.54      | .818  | 18   | 3.89  | .772 | 14   | 3.82    | .791 | 15   | .000**        |
| Users can download the full annual reports in sections                     | 3.38      | .978  | 30   | 3.91  | .857 | 13   | 3.81    | .902 | 16   | .000**        |
| Next/previous bottoms to navigate sequentially                             | 3.44      | .741  | 23   | 3.87  | .757 | 17   | 3.80    | .772 | 17   | .000**        |
| Annual report in HTML format   | 3.54      | .937  | 19   | 3.84  | .819 | 20   | 3.78    | .848 | 18   | .014*         |
| Financial information can be viewed in more than one currency (UK£ & US\$) | 3.03      | 1.036 | 53   | 3.91  | .883 | 12   | 3.75    | .972 | 19   | .000**        |
| User can subscribe to public announcement via e-mail                       | 3.09      | .893  | 50   | 3.63  | .897 | 41   | 3.75    | .855 | 20   | .000**        |

| Disclosure Item   | Preparers |       |      | Users |      |      | Overall |       |      | M-W test Sig. |
|---|-----------|-------|------|-------|------|------|---------|-------|------|---------------|
|   | Mean      | SD    | Rank | Mean  | SD   | Rank | Mean    | SD    | Rank |               |
| Direct e-mail hyperlinks to investor relations  | 3.38      | .792  | 27   | 3.83  | .797 | 21   | 3.75    | .814  | 21   | .000**        |
| Users can download the financial information in more than one type of format                | 3.24      | .964  | 39   | 3.86  | .819 | 19   | 3.74    | .879  | 22   | .000**        |
| Hyperlinks texts  | 3.62      | .864  | 13   | 3.76  | .856 | 30   | 3.73    | .858  | 23   | .186          |
| Users can compare and analyses comparative stock or other performance on the same screen    | 3.21      | .986  | 40   | 3.83  | .841 | 22   | 3.72    | .901  | 24   | .000**        |
| Hyperlinks to data on a third-party's website   | 3.57      | .967  | 15   | 3.75  | .880 | 35   | 3.72    | .898  | 25   | .178          |
| Help information/site   | 3.43      | 1.041 | 24   | 3.78  | .833 | 27   | 3.72    | .883  | 26   | .007**        |
| Annual meeting  | 3.49      | .782  | 21   | 3.77  | .841 | 29   | 3.72    | .837  | 27   | .004**        |
| E-mail alerts   | 3.44      | .741  | 22   | 3.77  | .858 | 28   | 3.71    | .847  | 28   | .001**        |
| One click to get to investors relations information   | 3.37      | .845  | 31   | 3.79  | .826 | 25   | 3.71    | .844  | 29   | .000**        |
| Online feedback   | 3.34      | .803  | 34   | 3.79  | .814 | 26   | 3.71    | .829  | 30   | .000**        |
| Annual report in multiple file format   | 3.32      | .953  | 35   | 3.79  | .890 | 24   | 3.70    | .918  | 31   | .000**        |
| There are investment calculators available (e.g. investment return or dividend calculator)  | 3.15      | .996  | 42   | 3.81  | .857 | 23   | 3.69    | .919  | 32   | .000**        |
| Content can be viewed in different browsers (Internet Explorer and Netscape)                | 3.41      | .815  | 25   | 3.75  | .855 | 33   | 3.69    | .856  | 33   | .002**        |
| Use of presentation slides  | 3.37      | .896  | 32   | 3.75  | .855 | 32   | 3.68    | .873  | 34   | .001**        |
| Online investor information order service   | 3.28      | .895  | 36   | 3.76  | .815 | 31   | 3.68    | .849  | 35   | .000**        |
| Table of content/sitemap  | 3.63      | .896  | 12   | 3.69  | .802 | 46   | 3.68    | .819  | 36   | .570          |
| One click to get to press releases or news  | 3.38      | .811  | 28   | 3.75  | .782 | 36   | 3.68    | .799  | 37   | .001**        |
| Menu pull-down  | 3.50      | .985  | 20   | 3.69  | .841 | 45   | 3.66    | .871  | 38   | .094          |
| Menu click over   | 3.35      | .910  | 33   | 3.73  | .832 | 38   | 3.66    | .858  | 39   | .001**        |
| External links to related content   | 3.38      | .829  | 29   | 3.72  | .804 | 41   | 3.66    | .818  | 40   | .001**        |
| Online shareholder services available (change address, dividend paid directly into account) | 3.12      | .907  | 47   | 3.74  | .927 | 37   | 3.63    | .952  | 41   | .000**        |
| Download plug-in on spot  | 3.18      | .828  | 41   | 3.73  | .821 | 39   | 3.63    | .848  | 42   | .000**        |
| There is information concerning technical devices (formats, size of downloads)              | 3.24      | .775  | 38   | 3.71  | .849 | 42   | 3.62    | .855  | 43   | .000**        |
| Service to change data in the Share register online   | 3.15      | .868  | 44   | 3.71  | .815 | 43   | 3.61    | .851  | 44   | .000**        |
| Technical hints for the user (browsers, screen resolution)                                  | 3.12      | .838  | 46   | 3.69  | .854 | 44   | 3.59    | .878  | 45   | .000**        |
| Users have a choice of download (black and white or full color)                             | 2.91      | .926  | 55   | 3.72  | .958 | 40   | 3.57    | 1.001 | 46   | .000**        |
| Function to recommend the page  | 3.12      | .838  | 45   | 3.67  | .888 | 47   | 3.57    | .904  | 47   | .000**        |
| Mail listings   | 3.25      | .887  | 37   | 3.64  | .871 | 48   | 3.57    | .886  | 48   | .001**        |
| Graphic images  | 3.41      | 1.054 | 26   | 3.57  | .916 | 50   | 3.54    | .943  | 49   | .296          |
| Contact to the webmaster  | 3.10      | .813  | 49   | 3.59  | .878 | 49   | 3.50    | .885  | 50   | .000**        |
| Conferences   | 3.06      | .667  | 51   | 3.55  | .851 | 51   | 3.46    | .841  | 51   | .000**        |
| Use of frames   | 3.15      | .738  | 43   | 3.51  | .813 | 53   | 3.45    | .811  | 52   | .000**        |
| Moving picture such as JAVA applications  | 3.12      | 1.030 | 48   | 3.52  | .977 | 52   | 3.44    | .997  | 53   | .002**        |
| Notice book   | 3.03      | .791  | 52   | 3.44  | .795 | 54   | 3.37    | .809  | 54   | .000**        |
| Flashes   | 2.99      | 1.044 | 54   | 3.40  | .944 | 55   | 3.32    | .974  | 55   | .003**        |
| Video files   | 2.65      | .974  | 56   | 3.38  | .962 | 56   | 3.24    | 1.003 | 56   | .000**        |
| Chat room   | 2.37      | .845  | 58   | 3.33  | .955 | 57   | 3.15    | 1.005 | 57   | .000**        |
| Sound files   | 2.53      | .922  | 57   | 3.26  | .991 | 58   | 3.13    | 1.018 | 58   | .000**        |

\*significant at 5% level (2) \*\*significant at 1% level (43) (1 = not important at all; 5 = very importance)

As a conclusion, based on preparers' and users' views and feedbacks, overall result shows that, a number of 90 out of 97 items were identified as the basis for IFR index measurement for content dimension. On the other hand, 50 out of 58 items were identified as the basis for IFR index measurement for presentation dimension. On the whole a total of 140 items out of 155 items were identified as the basic measurement to evaluate the level of IFR for Bursa Malaysia listed companies. The study used the importance score minimum of 3.50 (similar to Ho & Wong, 2001b; Ali Khan & Ismail, 2008b; Ali Khan, 2010; Ali Khan & Ismail, 2010; Ali Khan & Ismail, 2012b) using the cut-off point to measure IFR index.

## 5.0 CONCLUSION AND SUGGESTIONS

This paper aims to investigate the importance of IFR disclosure index by adapting the views of Malaysian preparers and users of corporate annual report. The objective of this study is to get respondents' perception regarding item used in each dimension and to know the level of IFR. Thus, in content dimension, it refers to what are the information distributed through website of the company. Meanwhile, for presentation dimension it means how the information presented and the facilities of using it. In addition, the selections of items disclosure are seen as a potential yardstick in measuring the disclosure level of a company that practise IFR.

The result of this study provides valuable input in developing the IFR disclosure index checklist. The study also develops an instrument to measure IFR content dimension and presentation dimension. The research instrument was developed by taking into account all relevant items in the content dimension, timeliness, technology and user support constructed by previous researchers. Disclosure index constructed through this instrument is expected to be a more inclusive and integrated measurement tool. Based on the literature review, there are very limited efforts done by previous researchers to obtain the views of annual report preparers and users in constructing IFR



disclosure index checklist. The formation of IFR disclosure index based on preparers and users of corporate annual report is conducted to measure listed companies IFR disclosure index. The IFR disclosure index checklist was tested during the pre and pilot study. Local and international academicians' reviews were obtained when constructing IFR disclosure index checklist. Then, the checklist had been reviewed by accounting practitioners. Thus, the results of this study are important because it seeks to contribute empirical evidence in the literature of IFR disclosure index checklist.

The current paper can be considered as one of the initial research papers in the area of important items of IFR indexes in Malaysia, and thus it provides some contributions. Nevertheless, the results of this study should be considered seriously as there are some limitations. The first limitation of this paper is the use of weighted scoring system to determine IFR item content for both content and presentation in IFR practice. Future study can be carried out by combining the two techniques (weighted and unweighted) in the development of IFR disclosure index checklist. Secondly, the scores given by each of the respondents and statistical test is conducted to compare the views of both groups and in detail of the group. Such study is expected to provide a significant contribution to a company's management about the importance of IFR items disclosure in the company's website for those interested in investing in Bursa Malaysia to make a more comprehensive decision-making. Thirdly, the paper is focused on the views of only five user group to perceived importances of IFR indexes. Moreover, this study has only relies on a single research method (i.e. questionnaires). Although this approach suffices to meet the objectives of this study, employing various methods would enrich the findings and alleviate the possibilities of bias. As the growth in the Internet continues, the author expect more companies will be creating websites within next few years. Therefore, it would be fascinating to update this study to see if an increase in the use of the Internet has occurred not only in developed countries but also in emerging markets like Malaysia.

To the best of our knowledge, this is among the earliest research paper using corporate annual report preparers' and users' view on the importance of IFR disclosure items. While, there are less efforts taken by researcher in order to find the solution regarding data manipulation that was occurred in IFR and also no alternatives from previous study regarding the solution to improve the standards of IFR by providing the exact laws from professional bodies especially in Malaysia content. The findings are expected to lead to another further IFR related research not only in Malaysia but also in other countries, particularly in terms of empirical evidence. The researcher also expects the impact of this study to raise public awareness of knowledge community (such as providers, consumers, practitioners, industry, policy makers, accounting standards developers, regulatory authorities, researchers, professional bodies, shareholders, management, governmental agencies, corporation, market participants, interested parties and other institutions) to IFR practice. Even though the level of disclosure is measured by the number of IFR disclosure index, these indicators should also be qualitative in order to be informative. However, our findings would be more robust if a more in-depth study of qualitative features was undertaken.

Overall, the results show that 140 out of 155 items identified could be used to determine the level of IFR among Bursa Malaysia listed companies. There is a possibility for comparative study on the level of IFR between two or more countries in future. The result is expected to provide a useful input in constructing IFR disclosure index checklist. Such studies are expected to contribute to various parties and give added value to those interested in investment to obtain fast and accurate information relating to listed companies by referring to the company's websites, doing so will assist them in making rational and more meaningful investment decisions. In sum, this paper posits a novel research question and present empirical evidence from a dynamic emerging market. Future research using alternative methodologies and perspectives will help improve our understanding of the issues involved.

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