

CORPORATE WEB REPORTING IN CURRENT SCENARIO

Balraj Singh Saini*, Kamalpreet Kaur**

*Assistant Professor, Post Graduate Department of Commerce,
Sri Guru Gobind Singh College, Chandigarh,

**Assistant Professor, Department of Commerce, Govt College of Commerce
and Business Administration, Chandigarh

Abstract Corporate disclosure is critical for the functioning of an efficient capital market. There are various traditional instruments being used by the companies to provide business information to various stakeholders. These traditional instruments are not fully meeting the primary goal of providing decision useful information to the target groups. Different stakeholders are in possession of different information, that is, informed investors have private information, while the uninformed ones only have publicly available information. This information asymmetry impedes the efficient allocation of resources in the capital market economy. Internet, on the other hand, reduces this information asymmetry by providing numerous benefits for communicating information to various stakeholders. The present study exhibits distinctive and attractive features of the Internet (WWW) that help the investors in the efficient allocation of resources must for efficient functioning of capital market.

1. INTRODUCTION

The concept of Disclosure is of great significance in the accomplishment of financial accounting objectives. "As business enterprises have multiplied, in number and size, the supply of the capital and the related risk taking have increased correspondingly. Inevitably this has created a considerable public interest in business activity among shareholders, lenders, creditors, employees, customers, government authorities and the general public. This public interest has caused business enterprises to accept social as well as economic, financial and legal responsibilities, a growing need for the communication of information to account for results which are of considerable interest to a wide range of individuals and organisation" (Jawahar Lal, 1985:37). So, the disclosure of information is generally considered to be desirable from the point of view of stakeholders. It is an essential part of the working of a free and fair economic system. This emphasizes the need to have a sound corporate disclosure system. Like any communication system, there are certain components of a corporate disclosure system. These components along with their relationship with each other are shown in Table 1.1 and Figure 1.1. These components help in the movement of information from private domain to public domain.

Table 1.1 Components of Corporate Disclosure System

Components of communication System	Corporate Disclosure System
Sender	Entity
Message	Data
Channel	Financial Statements
Receiver	Users
Monitor	Chartered Accountant

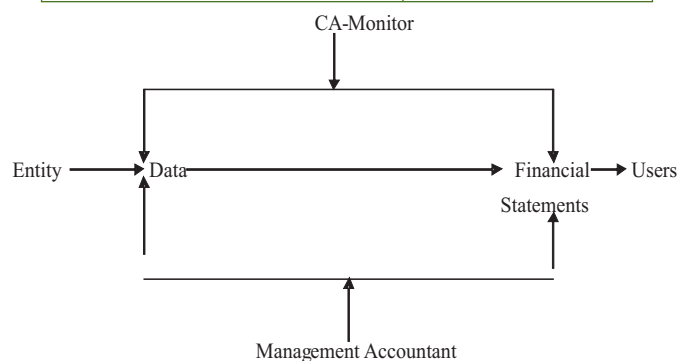


Figure 1.1

Source: Harold Q Langenderfer, (1973), "Conceptual Framework for Financial Reporting", The Journal of Accountancy, July, P.50.

The relationship between these components of corporate disclosure system shows that essence of a disclosure system lies in the communication of information, generally through financial statements to the users.

Meaning of Disclosure

The term disclosure has been defined in different ways. According to Dictionary of Accounting Terms, disclosure means information given as an attachment to the financial statements in footnote or supplementary form. It provides an elaboration or explanation of a company's financial position and operating results. Disclosure is the movement of information from private domain (i.e. inside information) into public domain (AAA, 1977). Disclosure is a process of communicating information (both financial and non-financial) about the resources and performance of the reporting entity (ASSC, 1975). It means the communication of material and relevant facts concerning financial position and the results of operations of the reporting concerns to various users (Meigs et al., 1977). It is clear from above definitions that disclosure is a process through which a business enterprise disseminate quantitative (both financial and non-financial) and qualitative information to the stakeholders for the purpose of their decision making.

TYPES OF DISCLOSURE

According to Haasbroek (2002), disclosure can be of the following types.

- **Official or unofficial:** Disclosure can be in official documents such as annual reports or it can be private disclosures in meeting with investors.
- **Mandatory or voluntary:** Companies are required by law to disclose certain information in annual reports to shareholders. This is statutory, compulsory or mandatory company disclosure. Voluntary disclosure describes disclosures primarily outside the financial statements. Laws and regulations do not stipulate voluntary disclosure. Voluntary disclosure should cover good news as well as disappointments. (FASB, 2001).
- **Financial or non-financial:** Disclosure can be financial (e.g., turnover) or non-financial (number of employees).
- **Qualitative or quantitative:** Disclosure can be quantitative (expressed in numbers) or qualitative (description of strategy).
- **Graphical or narrative:** Disclosure can be in writing, graphs or pictures (Marston and Leow, 1998).

The Emergence of Internet as a Medium for Corporate Disclosure

The Internet (short form for Inter network) is a technology, which allows the connection of sub networks and computer using disparate technologies to communicate via a single computer language or protocol called Transport Control Protocol / Internet Protocol or simply TCP/IP. The Internet began in 1970 by the US Department of Defence as a Computer network project of the Advanced Research Project Agency (ARPA). The project was named ARPAnet, and linked computer networks at several universities and research laboratories in the United State (Computer world, 2001). The ARPAnet was then commercialized by the invention of the World Wide Web (WWW) developed in 1989 by an English computer scientist Timothy Berners Lee for the European Organization for Nuclear Research – CERN (eWeek, 2003). The World Wide Web (WWW) is a system within the Internet which allows easy access by unsophisticated, non-specialists users using “hypertext” or linking system across the vast range of information provided on and accessed on the WWW by using a uniform resource locator (URL), an “address” which allows the web client to link up with the information required.

Since its commercialization in 1989, the internet has grown exponentially in India. India stands third in Asia and fourth in the world with 81 million internet users in 2008

It can be observed from the Table 1.2 that the growth of usages of internet in India is 1520 percent during 2000-2008 with a population access of up to 7.1 percent, while South Korea tops the list at 76.1 percent. Now it is an established fact that the private use of Internet is on the rise, a growing number of companies have started the use of internet for business purposes. The earliest commercial applications of the internet were in the area of marketing and advertising and it continues to be the primary user in many businesses. Now-a-days companies have started the use of internet to inform present and potential investors and other stakeholders with regard to company information. Companies are using their World Wide Web home page as a platform to present corporate data. Now sitting at home any person interested in particular company can open the site of that company and view any kind of information about a company – be it annual reports or any kind of financial or non-financial information. The earliest use of the Internet for corporate disclosure purposes was in America. American companies have been using the Internet for corporate disclosure since 1994. Over the last 15 years, studies conducted by various researchers (Lymer, 1997; Marston and Leow, 1998; Deller et al., 1999; Pirchegger et al., 1999; Ettredge et al., 2002; Hassbroek, 2002; Marston, 2003; Lodhia et al., 2004; Pervan, 2005; Mariq, 2007; Khan et al., 2008; Bogdan and Pop, 2008) have proved that there has been rapid adoption

Table 1.2. Internet Usage in Asia

ASIA	Population (2008 Est.)	Internet Users, (Year 2000)	Internet Users, Latest Data	Penetration (% of Population)	User Growth (2000-2008)	Users (%) in Asia
Afganistan	32,738,376	1,000	500,000	1.5 %	49,900.0 %	0.1 %
Armenia	2,968,586	30,000	172,800	5.8 %	476.0 %	0.0 %
Azerbaijan	8,177,717	12,000	1,500,000	18.3 %	12,400.0 %	0.2 %
Bangladesh	154,037,902	100,000	500,000	0.3 %	400.0 %	0.1 %
Bhutan	682,321	500	40,000	5.9 %	7,900.0 %	0.0 %
Brunei Darussalem	381,371	30,000	176,029	46.2 %	486.8 %	0.0 %
Cambodia	14,241,640	6,000	70,000	0.5 %	1,066.7 %	0.0 %
China	1,330,044,605	22,500,000	298,000,000	22.4 %	1,224.4 %	45.8 %
Georgia	4,630,841	20,000	360,000	7.8 %	1,700.0 %	0.1 %
Hong Kong	7,018,636	2,283,000	4,878,713	69.5 %	113.7 %	0.8 %
India	1,147,995,898	5,000,000	81,000,000	7.1 %	1,520.0 %	12.5 %
Indonesia	237,512,355	2,000,000	25,000,000	10.5 %	1,150.0 %	3.8 %
Japan	127,288,419	47,080,000	94,000,000	73.8 %	99.7 %	14.5 %
Kazakhstan	15,340,533	70,000	1,900,600	12.4 %	2,615.1 %	0.3 %
Korea, North	22,565,347	--	--	--	--	0.0 %
Korea, South	48,379,392	19,040,000	36,794,800	76.1 %	93.3 %	5.7 %
Kyrgystan	5,356,869	51,600	750,000	14.0 %	1,353.5 %	0.1 %
Laos	6,677,534	6,000	100,000	1.5 %	1,566.7 %	0.0 %
Macao	545,674	60,000	238,000	43.6 %	296.7 %	0.0 %
Malaysia	25,274,133	3,700,000	15,868,000	62.8 %	328.9 %	2.4 %
Maldives	385,925	6,000	33,000	8.6 %	450.0 %	0.0 %
Mongolia	2,996,081	30,000	320,000	10.7 %	966.7 %	0.0 %
Myanmar	47,758,181	1,000	40,000	0.1 %	3,900.0 %	0.0 %
Nepal	28,196,960	50,000	397,500	1.4 %	695.0 %	0.1 %
Pakistan	172,800,051	133,900	17,500,000	10.1 %	12,969.5 %	2.7 %
Philippines	96,061,683	2,000,000	14,000,000	14.6 %	600.0 %	2.2 %
Singapore	4,608,167	1,200,000	3,104,900	67.4 %	158.7 %	0.5 %
Sri Lanka	21,128,773	121,500	771,700	3.7 %	535.1 %	0.1 %
Taiwan	22,920,946	6,260,000	15,140,000	66.1 %	141.9 %	2.3 %
Tajikistan	7,211,884	2,000	484,200	6.7 %	24,110.0 %	0.1 %
Thailand	65,493,298	2,300,000	13,416,000	20.5 %	483.3 %	2.1 %
Timor-Leste	1,108,777	-	1,200	0.1 %	0.0 %	0.0 %
Turkmenisn	4,829,332	2,000	70,000	1.4 %	3,400.0 %	0.0 %
Uzbekistan	27,345,026	7,500	2,400,000	8.8 %	31,900.0 %	0.4 %
Vietnam	86,116,559	200,000	20,834,401	24.2 %	10,317.2 %	3.2 %
TOTAL	3,780,819,792	114,304,000	650,361,843	17.2 %	469.0 %	100%

(Source: Internet World Statistics, 2008)

of the web for the dissemination of corporate information. The proportion of companies using the web for financial and non-financial disclosure is increasing in all countries with active capital markets and advanced communications networks (Deller et al., 1999; Lymer, 1999; Ettredge et al., 2001; Lodia et al., 2004). According to survey conducted by Cook (1999) of various studies done on company use of internet for presentation of financial information, the average percentage of large companies using the internet for

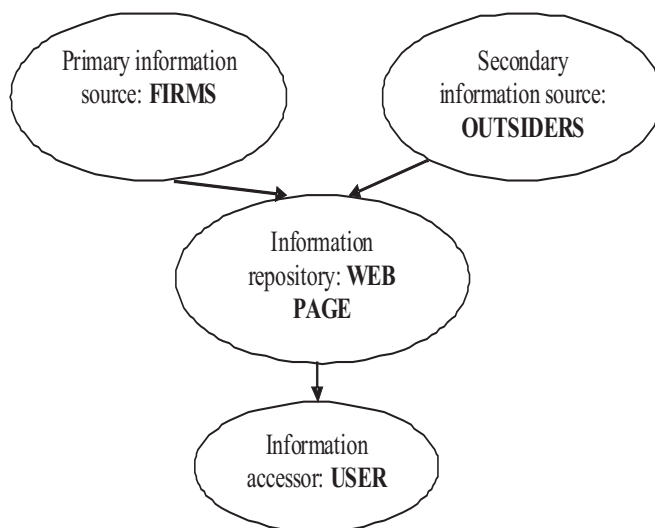
financial disclosure is at 70 percent. Table 1.2 is a summary of Cook's analysis of surveys on companies' use of internet for financial disclosure.

It is clear from the above paragraph that the Internet and its offspring the World Wide Web (WWW) have become very important medium through which an Organization communicates with vast audience. It is a platform that is best suited for communication with stockholders.

Meaning of Corporate Disclosure through Web

The terms corporate disclosure through web (also known as Internet Financial Reporting or online reporting) has been defined in different ways by different authors. According to Financial Accounting Standard Board (FASB, 2000), "Internet Financial Reporting can be classified as IFR-content and IFR-presentation. IFR – content means disclosure of a complete version of the hard copy annual report in the website, while IFR – presentation means disclosure of those equivalent of the print format of the annual report to enhancements not available in the paper paradigm (i.e. graphics, interactivity, etc.)". Similar views have been expressed by Debreceny et al. (2002), who defines it as a dissemination of corporate information using Internet technologies such as World Wide Web (WWW). IFR can be characterized as (i) solely another distribution channel for existing printed material, (ii) having the ability to interact with internet technologies such as Web browsers and search engine or (iii) providing enhanced or expanded information that could not be cost effectively (or even possibly) produced in paper form and which may be interrogated using interactive analysis tools (IASC, 1999). It emerges from these definitions that corporate disclosure through web means use of the internet for the dissemination of corporate information to the stakeholders. Figure 1.3 exhibits the process of corporate disclosure through web.

Corporate Disclosure via Web



It is clear from figure that there are two sources (primary and secondary information source) to obtain corporate information. Primary information source include firms as information providers. Firms use traditional as well as innovative instruments to disseminate business information

to stakeholders. Traditional instruments include; prospectus, press releases, financial magazines, printed annual reports etc. whereas internet (WWW) is the example of innovative instrument used by firms to disseminate information to stakeholders. The secondary source of information repository could be a third party (outsiders). These outsiders play a critical and expanding role in the distribution of information over the internet. Third party information providers can be classified into two groups-content providers and enhancers used by companies to present information through links to the investor relations website and independent investor sites and forums. Content providers and enhancers include service providers whose services are often hyperlinked from a company's investor relations website, although most also provide information through their own websites. The information provided by those companies usually is available from other sources; however, they usually add value by enhancing the information or providing it in a form that makes it more compatible with websites. The FreeEdgar and Edgar Online services are a good example of how content providers can improve the usefulness of information. On the other hand, investor sites and forums are websites that provide a range of information about individual companies. Some are little more than collections of hyperlinks to company and other related websites. Other includes collections of news about a company and general investment articles. Still others appear to be designed as internet portals for investors. Most offer a combination of free and subscription services. Some of the significant investor sites include: Carol, DailyStock.com, Investor Relations Information Network, NewsPage etc. Information about a company provided on third-party investor sites may include:

- Company description, address and phone numbers, locations
- Lists of products and services
- Company history
- Information about and links to principal competitors
- Information about patents and trademarks
- Products and operations by segments
- News coverage and press releases
- Segment information
- Comparisons to industry and market
- Historical (10-years) information about revenue, employees, stock price, and selected ratios

The concern that secondary source of information repository may raise is that verifiability and authenticity of the financial reporting information. Majority of this information may not be verified by any party regarding the content and quality.

Three Stages of Corporate Disclosure through Web

As is the case in other countries, the use of web as a medium to disseminate corporate information in India has a short history. In such a short period, this interactive medium of disclosure has made a remarkable progress from the stage of scanned version of printed annual reports to the use of latest web technologies that enhance the usefulness of corporate disclosure. Heldin (1999) and IASC (1999) describe following three stages of corporate disclosure through web.

Stage I: In this stage, companies provide their current corporate annual report (including the balance sheet, profit & loss account, notes, cash flow statement), reports of previous years, Interim reports and environmental and/or social reports in an electronic format. This is inexpensive and straight forward process. Here, the Internet is used as a medium to provide information that is already available through other sources. Although the information provided is likely to be relevant to investors, mostly the information provided and the structure in which the information is presented are not specifically aimed at investors.

Stage II: In this stage, companies take the time and effort to convert their printed reports into HTML. This indicates that companies are serious about using the web as an information distribution medium. Companies provide press releases, financial calendars, share prices, the organizational structure and external links. In terms of content and structure the information is specifically aimed at investors and the Internet is used as a medium to combine information available through other sources, so that investors may be better informed.

Stage III: In the third stage of Internet investor relations, companies use distinctive features of the Internet that enable them to contact or inform investors in ways that were hardly possible using traditional communications channels. In this stage, companies move beyond the printed documents paradigm. The annual reporting sites of Intel, IBM and Microsoft are examples of reporting at stage III. The specific relations features may take various forms:

- a) **The use of presentation advantages of the Internet:** These include the possibility of providing hyperlinks and internal search engines, the use of cookies, and the presentation of data in time series or different formats so that the information provided may be processed further. Also, the homepages may be multilingual.
- b) **Direct contact via e-mail and mailing lists:** Here, companies provide e-mail access to the investor relations department, regularly updated information to mailing list subscribers, answers to frequently asked questions, and an online investor information order service.

- c) **Video or audio recordings of meetings and online participation in meetings:** Here, companies allow investors to view presentations by company executives to listen to audio recordings of presentations and to participate in online meetings.

Digital Formats of Financial Statements on the Web

Companies throughout the world use different computer software for financial reporting purposes. Amongst the technologies are Microsoft Word and Microsoft Excel which were previously used to distribute and exhibit financial as well as other forms of information through Internet. The major technologies currently employed in internet financial reporting are HTML (Hypertext Markup Language) and Adobe Acrobat. Very recently, an exclusively new technology, XBRL (extensible Business Reporting Language) has appeared to be most effective and has gained acceptance as a unique computing language with seamless fashion in developed countries of the world. FASB (2000), Haasbroek (2002), Khan et.al. (2008) have given the following formats of corporate disclosure through web:

1. **Portable Document Format (PDF):** An independent file format developed by Adobe Corporation for creating documents that retains exact appearance (e.g., original fonts, colors, formatting and images) of the original printed documents. To view, navigate and print a PDF document, an Adobe Acrobat Reader is required to be installed on the system. This software can be downloaded from Adobe Systems at no cost. Portable Document File can also be viewed on certain web browsers with the help of plug-in (Conosco, 1999).
2. **Hypertext Markup Language (HTML):** Most of financial information dispersed through websites of corporations is presented using the Hypertext Markup Language (HTML). HTML documents consist of text, graphics, and formatting information. There are also hyperlinks that point to other documents for further and detailed information. Although hypertext structure of HTML derives great advantages, it has deficiency concerning the exchange of structured data. The data is not at all structured or indexed by specifying semantic elements so as to enabling the receiver's computer processing data automatically (Westarp et al., 1999).
3. **MS Word and MS Excel:** Microsoft Word and Microsoft Excel are two widely used application softwares developed and marketed by Microsoft. Some companies structure their financial information on their websites in Microsoft Excel spreadsheets or comma-delimited text files. These types of files can be imported into the database of the receiver's system for

further processing. These formats imply great potential benefits especially for financial analysts by transferring financial data to their own financial indicators. However, common attributes that characterize information on the websites like hypertext and user friendly visualization of data are neglected. Moreover, credibility and authenticity of financial information is quite impossible to ensure because the downloaded files can be manipulated before use and digital signature of concerned authority is not possible.

4. **eXtensible Business Reporting Language (XBRL):** XBRL is a freely available electronic language for financial reporting. It is an XML (eXtensible Markup Languages)- based framework that provides the financial community with a standard-based method to prepare and publish financial statements in a variety of formats and automatically exchange the information they contain (Richard and Smith, 2004). XBRL is not about establishing new accounting standards but enhancing the usability of the ones that we have through the digital language of business. XBRL will not require additional disclosure from companies to outside audiences.

Potential Benefits of Corporate Disclosure Through Web

The World Wide Web (WWW) provides numerous benefits for communicating information to stakeholders. It is a platform that exhibits distinctive and attractive features that make it an effective option when compared with the traditional platform of distributing corporate information (Petraevick and Gillet, 1996). Various potential benefits of corporate disclosure through web have been discussed as under:

1. **Low Cost Medium:** Flynn and Gowthorpe (1997) assert that the cost of providing information via the web is lower than through traditional print means. Generally, the publication and distribution of printed corporate reports implies printing cost, cost of handling inquiries, warehouse and delivery costs. Investor relations managers in the UK have estimated that the average cost to dispatch a copy of the printed annual report to shareholders, researchers etc, is £ 5 (Investor Relations Society, 1998). These costs can be eliminated by using alternative distribution channel i.e. Internet. Internet is a low cost solution to users and producers to access corporate data by using an established network structure in which all can participate easily (Lymer, 1997; Lymer et al., 1999; Trites, 1999; Ashbaugh et al., 1999; Williams and Pie, 2000; FASB, 2000; Ettredge et al., 2001). For instance Xerox Corporation saved 100000 USD in 1995 due to the partial replacement of

printed quarterly reports with an internet version of the same reports (Waroff, 1995, Mahohey and Wessendorf, 1996).

2. **Near Zero Marginal Cost Per Year:** Companies can make information widely available about the business at a low marginal cost and can structure the information in a flexible manner to allow mining from data provided (Lymer, 1997). The cost of setting up a digital annual report will be incurred primarily in the first year with the set up of the web site and conversion of documents to digital formats (Roberts, 2001). Once this is in place, the company saves every year. Internet usage and connectivity increase every year worldwide, and the demand for electronic annual reports will increase as well. Web technology makes it easier and cheaper for companies to broadcast information. It would be inexpensive to provide annual report on the web in multiple languages and currencies (Haasbroek, 2002).
3. **No Upper Limit on the Number of Users:** The companies will be able to reach more users while keeping costs constant, since most cost drivers of a company's web presence are user independent. As a consequence, small and medium sized companies will be able to build a global presence.
4. **Reduces Routine Requests by Referring Queries to the Website:** This medium offers a reduction in human resources costs because users can find web-based versions of the annual reports without troubling the company. All queries for annual reports can be directed to the web. Incidental requests for copies of annual reports from non-shareholders can be a cost saving (Haasbroek, 2002).
5. **Best Medium for Private Shareholders:** Internet can be qualified as one of the investor's relations instrument that is best suited for communication with private shareholders (Myners, 1998). It is a revolutionary technology to establish direct contact with current and potential private share holders (Pearce, 1998). Barriers to accessing information through this medium are significantly lowered (Amernic, 1998). This corresponds to the views expressed by company investors' relations executives in practice (NIRI, 1996). There are many users of corporate information such as, private shareholders, institutional investors, financial analysts and the press. These users are traditionally considered to be of different importance in practice of investors relations (Ellis, 1985). For example, the importance of private shareholders is seen to be relatively low in contrast to that of institutional investors (NIRI, 1996). This may be due to the reason that establishment of direct communication for a scattered group of small private shareholders is difficult and costly. Due to

this reason, most private shareholders are reached only indirectly, e.g., by non-selective information from financial analysts who serve as information intermediaries (Ellis, 1985). This non-selective media (e.g. mass media) of communication also results in high cost. Winkler (1994) stated that costs of these medium are generally determined by the total amount of all potential users of medium regardless of individual investment preferences. In contrast, web is a low cost medium that enables the companies to reach all the users in the same way.

6. **Presentation Advantage:** The hyper linking of data, i.e. the interrelation of the web resources with one another by 'Mouse click', improves readability of corporate information (Louwers et al., 1996; Petravick and Gillett, 1996). This Internet specific feature allows the users to choose their preferred layout and aggregation level of the data, depending on their preferences. Hyper linking offers firms the opportunity to integrate financial statements with the notes, either simultaneously by using frame technology or opening new Internet browser. Frame technology split the browser window into sub-windows, enables the users to navigate more easily within the documents and quickly switch between individual resources. In addition, "links to glossaries containing explanations of difficult financial and Internet technology terms may reduce barriers to understanding of given information, especially for international investors, that are not fully in knowledge of the accounting system in respective country" (Deller et al., 1999). This technology also helps in online analysis by linking with historical data. For example, user may select the specific data, depending upon requirement which is then analyzed and shown as a figure or chart, trend and ratios. Links to third party web site (i.e. a link to government data base like EDGAR or Private Sites, e.g. of banks, brokers or financial intermediaries) help the investors in analysis and better understanding the financial data or to check reliability. External links are a useful way to offer current share price in combination with highs, lows, closes and volume for past days and graphs showing the development of the share prices for the past years (Deller et al., 1999).
7. **Time Advantage:** The www has given a new focus to the notion of timeliness (Ashbaugh et al., 1999). From investors' point of view, internet access is better than conventionally contacting a company because the user may get the required information at any time and from anywhere as long as it is available on website of a company. The web enables users to retrieve and receive information, the moment it is published and thus increases the timeliness of information provided (Hassbroek, 2002:47). But in case of internet, distance

is irrelevant because transfer of data via internet requires only minutes, while postal delivery takes several days. Time advantage is important for the companies that want to raise capital in international capital markets (Deller et al., 1999:13). Thus, stake holders do not need to be reactive to corporate issues but could be proactive, as they would receive information in real time. Such information is also available on 24 hours basis (Jones and Walton, 1999).

8. **Global Reach:** The www has had an important role in facilitating a global reach (Trites, 1999; Lymer, 1999; Lymer et al., 1999). The internet is principally not restricted by Geographic boundaries. It has defied barriers that have existed in the past and has transformed the world in to a small global village. Information can be communicated to a massive range of stakeholder (Ashbaugh et al., 1999; Ettredge et al., 2001) at minimal cost. Companies can reach international investors easier, faster and thus more efficiently compared to traditional investor relation instruments (Deller et al., 1999). In some cases, investors might be reached that not otherwise would have been attracted by company publication (Birkelbach, 1996).
9. **Access to Historical Data:** Those investors who want to analyse statistical trends for specific accounting numbers for several years will have to collect data for period of interest. In practice, it is often difficult to obtain financial statement for past periods at the time of needs. Companies' web sites have large storage capacity. It would cause nearly no additional costs to offer annual report web archive with a back file of two to four years. This will help the interested users to analyze the progress of the company. The corporate web site should serve as a repository for the most current report and several prior years' reports (Toronto Stock Exchange, 1999:2). This eliminates the need for libraries and other corporate information centers to store annual report collections (Haasbroek, 2002:48). It saves space and labour of ordering and filing it.
10. **Online Participation at Annual Meetings:** Organization of share holder meetings is very costly. Private share holders who have only small share holding and also foreign investors do not often participate in annual general meetings. This is the case for a variety of reasons. One reason may be an internationally diversified structure of investors. As a result, many investors do not exercise their voting rights. In the future, Internet will become a medium with improved communication efficiency and effectiveness in investors' relations. It will be possible to meet only virtually, i.e., similar to today's telephones. This could lead to cost savings for corporations. Internet technology allows the interested parties to observe

annual general meetings or press conferences online (Job, 1998:19). Real time transfer of audio and video data is possible through special software tools like Real Video (<http://www.real.com>) or VDO (<http://www.vdonet.com>). Furthermore, internet chat settings, i.e., text-based real-time conversation between two or more participants similar to conference call, can be regarded as a useful instrument to improve direct information between management and different interest groups (Waroff, 1995:37). It is less costly for all participants to establish chat settings compared to a physical meeting. In addition, companies may reach a large audience by using this technology (Deller et al., 1999:22). Using technology-based communication does not mean that physical contacts become obsolete, however, internet technology could make communication more efficient where direct contact is neither wanted nor required.

11. **Up-to-Date Information:** The ability to access up-to-date information on a regular basis is a clear advantage of the internet activities that is not provided by printed annual reports or investor newsletters (Louwers et al., 1996; Lymer, 1997; Lymer et al., 1999; Craven and Marston, 1999; FASB, 2000; Ettredge et al., 2001). Timeliness of information access can be considered crucial for investors. Disclosure through web can reduce the need to use phone, fax or written communication in order to receive key documents and other information required (Mahoney and Wessendorf, 1996:42). For companies that have internet website, it would not be difficult to provide press releases and real time share price data as a part of their investor and customer relation activities (Wallmann, 1995). Stakeholder can also have access to up-to-date information by way of email lists and alerts (FASB, 2000). Internet does allow access to up-to-date information outside statutory requirements which is until now questioned with respect to information overload.
12. **Beneficial for Foreign Shareholders:** Due to heavy printing costs, printed annual reports are available only in one language. As a result, many companies print their annual reports in their country's language and may be one or two internationally important languages. It is very difficult for foreign shareholders to collect all publicly available information about a company because they do not have access to geographically restricted publication and may not speak the language of the company's country of residence. Company website offer enormous amounts of storage capacity at very low cost. Exploiting these properties of the Internet, it would cause no additional costs to provide larger information. Companies that have an internet presence in the form of home page can be expected to provide financial information in different languages or according to different countries GAAPs (Deller et

al., 1999:15). For example, Microsoft uses this option extensively by supplying consolidated profit and loss statements for Canada, France, Germany, Japan, and the U.K. Each statement is prepared using the language and the currency of the country and is prepared in accordance with that country's accounting standard (Koreto, 1997:65). Foreign investors may access this better understandable and possibly comparable information and are thus supported when making investment decisions.

13. **Multimedia Communications:** Internet is not restricted to text and still graphics like print media. It is based on hypermedia technology. It has considerable capability to provide information in multimedia format, using sound, voice and video, e.g., by making available recorded speeches from shareholder meetings or press conferences or displaying a video portrait of firm. For example, "every quarter, Sun Microsystems's CFO presents a two or three-minute video on the financial results of the company, complete with a slide show. He also frequently records a program on Sun Talk Radio, which is available on the company's internet. Interested parties are told of each new program by e-mail" (Tapscott, 1995). SEC also permits the use of multimedia communication in its filings, provided the issuer includes, as an appendix, a script and a fair and accurate narrative description of the graphic or image material (SEC Release No. 33-7233). However, it may be useful to leave user a choice between graphically sophisticated presentations and plain text information.
14. **Provision of Non-Financial Information:** In addition to conveying financial information, the web facilitates the provision of non-financial measures of performance (Lymer & Tallberg, 1997). There is a considerable amount of non-financial information on the websites outside the financial reporting frame work (Trites, 1999:13). This non-financial information includes information about quality service assessment, non-financial key performance indicators, and competitive position, social and environmental reports. The benefit of providing financial and non-financial information on the websites is the possibility of providing current and potential investors with large amount of data that would help them in assessing companies' performance.

CONCLUSIONS

Corporate disclosure is irrefutable in a free enterprise economy. It is vital component of the accounting process that seeks to provide decision useful information and extends accountability to numerous stakeholders. Traditionally, print media has been the medium for corporate disclosure. General purpose printed corporate annual reports have been used to disseminate corporate information to the stakeholders.

While these printed annual reports are standardized, considered to be authentic, comparable and have global acceptability (which is often enhanced through an auditing process), they may not always be as timely, accessible, interactive or sufficiently detailed as may be required by some stakeholders. Increasingly, the emphasis has shifted towards a more timely, readily accessible, interactive and detailed medium for corporate disclosure. It is in this regard that role of the internet in relation to corporate disclosure rises to prominence as both a facilitator of, and motivator for, change.

The growth in the use of internet has been phenomenal, transforming many business activities and society at large. Its current form provides many benefits such as visual/graphic presentation of information, two-way interaction, increased information accessibility and mass communication. The benefits of corporate disclosure through web allow the information to be disseminated to a wide range of stakeholders in a timely and convenient manner. While stakeholders are many and varied, these benefits assist in enhancing corporate accountability to them by providing new dimension to disclosure. Given these possibilities for information dissemination offered by the internet, it is not surprising that the process of corporate disclosure through web by companies has gained significance in recent years. The proportion of companies using the web for financial disclosure is increasing in all countries with active capital market and advance communications network. American companies have started to use the internet for corporate disclosure since 1994. The vast majority of large companies in major developed countries like the U.S., Europe and Australia now have website.

In India also a growing number of companies are having their websites through which these companies disclose or communicate all necessary information to different interested parties. Now sitting at home any person interested in a particular company can open the site of that company and view any kind of information about the company – be it annual report or any kind of financial or non financial information.

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