

**FINANCIAL REPORTING ON THE INTERNET BY  
LISTED COMPANIES IN MALAYSIA**

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## ABSTRACT

This paper examines the extent of financial information disclosed on the Internet by 428 companies listed on the First Board of Kuala Lumpur Stock Exchange (KLSE).

Companies were surveyed to establish how many companies have web sites, and if so, whether financial information is available on their websites. Financial information was labeled as detailed account( mandatory and voluntary), preliminary statement, interim statement and financial highlights is used as a model or scope for this study

It was decided by researcher to test the relationship between financial information on the Internet with industry sector and market capitalization.

A content analysis of financial information disclosed on the Internet dated from 1996 to 2000 had been reviewed in order to know the extent of financial reporting, by Malaysian First Board of listed companies.

Two types of test were used in this research namely the Chi-Square test and Pearson Correlation test. The Chi-Square test revealed that there is no relationship between financial reporting on the internet and industry sector. However, Pearson Correlation shows that, there is a correlation between financial reporting on the Internet and market capitalization, but it shows a weak correlation.

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# CHAPTER ONE

## INTRODUCTION

The present system of corporate reporting (traditional paper-based) should change to meet the challenges of the digital era and the dynamic business world. The rapid changing business environment is forcing firms to develop reporting strategies which could assist in creating competitive advantage for themselves.

By its nature, traditional corporate reporting is less timely and thus less useful to decision makers. Therefore, taking advantage of the removal of the constraints imposed by a paper-based format and by using the multimedia capabilities of the Web, corporations will be able to provide more detailed and useful financial and non-financial information about their products, human resources and environmental policies. Furthermore those firms will be able to create immediate response from stakeholders, whether customers, suppliers or employees, thus they will be able to produce products and services according to customers need and subsequently gain their loyalty.

Information technology (IT) is profoundly changing the way business is managed. The Internet in general and the web in particular are bringing in important changes to the way business activities are being conducted. Recent developments in the Internet technology include push technology, which enables users to receive information automatically from various sources.

Both companies and interested users are expected to gain numerous advantages from Internet financial reporting. Companies can make information widely available about their businesses at a low marginal cost and