DETERMINANTS OF CORPORATE INTERNET FINANCIAL REPORTING: EVIDENCE FROM SRI LANKA

Ahamed Lebbe Sarifudeen
Department of Accountancy and Finance,
Faculty of Management and Commerce,
South Eastern University of Sri Lanka,
University Park, Oluvil
alsharifdeen@seu.ac.lk

C. M. Wanniarachchi
Supplies Division
Deparment of Financial Administration
South Eastern University of Sri Lanka,
University Park, Oluvil

Abstract
Internet Financial Reporting is the disclosure of financial and non-financial information of a company through the company's official website. The rapid development of the internet has created new ways for companies to facilitate communication with investors. Investors can obtain the needed information by looking at the information accessible on the company's website pages. This study aims to provide empirical evidence of the influence of company size, profitability, leverage, auditor size, ownership and liquidity on Internet Financial Reporting (IFR). The sample used in this study were 80 non-financial companies listed on the Colombo Stock Exchange in 2019. With proportional stratified random sampling method, the sample firms are grouped according to the type of industry. Data used in this study is a secondary data obtained from the annual reports of listed companies in Colombo Stock Exchange in 2019 and observations on the company's website. data analysis techniques used in this study are multiple regression analysis tests and hypothesis testing with a significant level (α) 0.05. The results of this study show only company size and leverage that significantly influence on the level of inherent financial repouring. Variables of profitably, auditor size, ownership structure and liquidity have no significant effect on the level of internet financial reporting. This study provides the knowledge gap in identifying the determinates of level IFR and also it is expected to have significant policy implications.

Keywords: Auditor Size; Company Size; Internet Financial Reporting; Leverage; Liquidity

1. Introduction

In the era of rapid technological development, especially in the use of technology and information today, many companies have changed the way they report their financial statements. Developments in this field of information technology have affected the way companies conduct business, one of which is by leveraging internet media. According to Marston and Polei (2004) the Internet offers companies new opportunities to complement, replace and improve the various ways of communicating with investors and stakeholders. Along with the rapid development in the field of technology, the company is getting driven using advanced technology as a weapon to survive and winning the competition day by day feels increasingly tight and heavy. Providing business information over the internet to be an important part of business information services themselves
(Kusumawardani, 2011).

The presence of the internet in the current era provides a unique advantage for companies in running their business. The Internet offers various alternatives to companies in disseminating their financial information in higher quantities, cheaper costs and able to reach widely without geographical barriers (Budianto, 2018). Dissemination of information through the internet means that the company will get a good image and the company is able to exploit the use of technology to be more open by informing financial statements (disclosure aspect) (Almilia, 2008).

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

The importance of presenting financial statements encourages companies to provide business-related information conducted on the company's personal website (Rozak, 2012).

According to the We Are Social and Hootsuite – Digital 2020 report for Sri Lanka, the country records a 47% internet penetration and 30% of active social media users with 8.3% growth over 2019, evidencing the importance and the role of digital communication in Sri Lanka. The internet users access the internet for business activities, trading and searching for goods. Due to the rapid use of the internet in the business world companies are required to be involved in the use of the internet in business activities.

On the basis of the use of the internet as a means to obtain financial information then emerged a medium that supports the presentation of financial reports that is called financial reporting through the internet (Internet financial reporting (IFR) (Wardhanie, 2012). According to Akbar (2014) as a result of publication via the internet, there is an additional media in the presentation of corporate reports via the internet or websites known as corporate internet reporting (CIR) or internet financial reporting (IFR). IFR is a mechanism for disclosing corporate financial statements through the internet or through websites owned by the company concerned (Idawati and Dewi, 2017). In recent years, IFR has emerged and evolved as the fastest medium to inform corporate-related matters. IFR is very important for investors to know about the activities and conditions of the company easily (Sulistayani, 2018). Disclosing financial statements on the official website has several advantages in terms of speed and cost efficiency. The use of websites as a medium of disclosure is still dominated by the listed companies (Kusumawardhani, 2011). However, many companies that already have a website do not present the company's financial statements other than just presenting and offering products or services to consumers.

According to Akbar (2014) financial reporting on the internet aims to be a medium of communication, especially for investors who need information from financial reports as a matter of consideration for investors. Disclosure of information using internet media can make it easier for investors to assess the company's performance by accessing the company's website. By using IFR the company can present financial information at a more cost-effective cost and can reach users with a wide geographical coverage (Akbar, 2014). The application of IFR can reduce the costs incurred by companies related to financial reporting due to the transition of information presentation system from paper-based reporting system to paper-less reporting system (Hanifa and Rashid, 2005).

Publications of financial reporting using internet media are still voluntary. This is because there is no regulation that regulates more specifically about the publication of financial reports through the internet media. Some companies disclose only part of their financial reporting, while others make full disclosures on company-owned websites. As a result, there is a difference in the quality of information disclosed between one company and another, so that it can later affect stakeholder decision-making.

Dolinšek et al. (2014) found that 52.6% in 2014 of companies in Indonasia published accounting information on their websites. This is because only a small number of companies feel the benefits of using Internet financial reporting (IFR) as a tool that makes it easier for companies to communicate with investors. In addition, an average of only 40.2% of information users actually use that information by evaluating the four characteristics of financial statements namely reliability, credibility, usability and adequacy.

N. Kuruppu et al, (2015) found that 59 % of listed companies in Sri Lanka maintain websites, only 63 of these (about 43%) use their websites to communicate financial information. This indicates that companies in Sri Lanka do not fully garner the benefits of engaging in IFR. However, the online annual reports of the latter IFR companies were found to be highly accessible, with 87 percent of the websites enabling users to locate information in three mouse clicks or less. De Silva, C. and Ajward, R., (2018) indicate that of 100 companies examined, despite 83% of Sri Lankan companies have their own corporate websites, the overall level of IFR is only 16.2%.

IFR is one of the most controversial research topics; some studies believe that IFR is necessary and obtain many benefits. According to Elhelaly and Mohamed (2014) IFR minimizes the costs related with producing and distributing financial information. Based on empirical evidence provided by Khan IFR (2015) helps in attracting more foreign investors and business promotion. On the contrary, it has been said that the implementation of IFR will provide

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

information disclosed to easily misrepresentation (Bin Ali Khan & Binti Omar,2013) In addition, disclosing corporate financial information on the internet can result in excessive information and internet fraud (Desoky, 2009).

Numerous studies have been conducted in several countries focused on examining the determinants of IFR and its associated drivers to enhance disclosure practices such as Indonesia (Almilia, 2009); Greece (Bekiaris, Psimada, & Sergios, 2014); New Zealand (Oyelere, Laswad, & Fisher, 2003); Turkey (Aqel, 2014); Slovenia (Dolinšek, Tominc, & Lutar Skerbinjek, 2014); Nigeria (Agboola & Salawu, 2012); Egypt Soliman (2013)); Sri Lanka (De Silva, C. and Ajward, R., 2018)).

From the results of this study, it is possible to preliminarily conclude that IFR is still at an embryonic stage in Sri Lanka, providing considerable opportunities and challenges for all stakeholder parties in corporate reporting, however there are comparatively few studies concerning the IFR practices in Sri Lanka, therefore, this research contributes to existing accounting literature in Sri Lanka and intends to fill the gap by examining a number of determining factors that IFR proved to be important in different countries and examine them it in Sri Lanka. This may increase regulator's awareness of the basic drivers associated with IFR and can assist in identifying ways to improve disclosure practices.

The statement of the problem of the study is "what are the determinants of the corporate internet reporting in Sri Lanka?". Based on this statement of the research problem, the main research objective presented in this study is to examine the most influential factors influencing corporate internet reporting in Sri Lanka through inference statistics.

The underlying framework of this study can be described as follows:

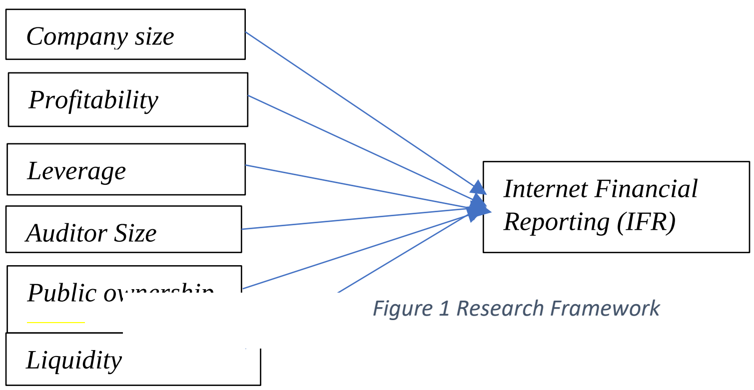

Figure 1 Research Framework

2. Literature review and hypotheses development

Companies have reasons to adopt an internet-based model. The adoption of the internet-based model aims to expand the reach of information, provide up-to-date information, and be more efficient are some of the reason's companies adopt IFR. IFR is seen as an effective communication tool to customers, investors and shareholders (Ashbaughet al., 1999). The implementation of IFR is the company's response to establish communication with investors more easily and quickly. Responsiveness is one of the important factors in improving the quality of communication and influencing investor confidence in the capital market (Jones 2002 in Abdelsalam et al., 2008).

Disclosure of information using websites as one form of corporate effort to reduce information asymmetry due to information mismatch between the company and outside the company. This asymmetry of information occurs as a result of management having more information than outside parties such as investors. It is of great benefit to companies to disclose as much information as possible so that investors are able to evaluate company's prospects and risks (Beaver, 1968). Ashbaughet al., (1999), says about influencing investor decisions, disclosure of information on the company's website in the form of financial information and other information related to the development of the company through the company's official website will reduce the company's investment risk in analyzing the company's prospects.

Company size is defined as the determination of the size, dimensions, or capacity of a firm, as the determination of a large or small firm seen from the total value of assets, net sales, and market capitalization. The larger the company,

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

the bigger the agency cost that the company has, this is because large companies have a greater obligation to submit financial statements more fully as a form of management responsibility to shareholders. Companies use IFR as a way to reduce agency costs in disseminating reports corporate finance on company-owned websites. In a study by Craven and Marston (1999) who tested the influence of company size and type of industry showed the results of company size had an effect on IFR. These results are supported by research conducted by Debreceny (2002) which shows the influence of company size on IFR. In contrast to research conducted by Dina (2015) which shows the results of company size have no effect on IFR.

Large companies tend to want high profitability. Profitability is an indicator of management performance in managing the company's wealth aimed at the company's earnings. The higher the profitability of the company, the more the company is indicated to have good performance. Companies with good performance will try to spread their good reputation, disseminating information using the internet presented in the company website is one of the methods used in disseminating the good reputation of the company. ownership and systematic risk indicate the results of profitability variables influencing IFR. This result is supported by research conducted by Ismail (2002) which shows the results of profitability variables influencing IFR. This result contradicts the research of Prasetya and Sony (2012) which shows that the results of profitability variables have no effect on IFR.

In managing a company to earn high profits, sometimes companies use debt to support the activities of the company or what is often called leverage. Leverage is the company's ability to meet its long-term obligations (Kusumawardani, 2011). Companies with a high level of leverage have a high risk because the company may not be able to fulfill its obligations. This would threaten the position of company manager who is considered incapable of managing the company. Companies with high levels of leverage will try to avoid voluntary disclosures such as disclosure through internet media to avoid a bad image of the company. listed on foreign exchange indicates leverage variables have no effect on the disclosure of financial and non-financial information on the internet. These results are supported by the research of Oyelere et al. (2003) who showed that the leverage variable had no effect on IFR.

The dissemination of information owned by the company is also affected by the ownership structure of the company's shares. In a company whose shareholding is centered on a particular group of companies or less spread within its ownership structure will result in important information only owned by a large number of shareholders. Using a centralized shareholding structure will result in a large proportion of shareholders being able to access the company's internal information directly. The percentage of public ownership can affect the overall disclosure of company reports. Public ownership is the percentage of public ownership of shares owned by the total number of shares of a company. Larger public ownership will trigger a wider disclosure, including disclosure through the internet media. This is because users of financial statements are not only the internal of the company but also the public. The research conducted by Rozak (2012) who examined the variables of profitability level, company size, public ownership of shares, leverage, and industry groups showed that the results of public ownership of shares have an effect on IFR. The results of this study are supported by the study of Monica (2013) which showed that the general ownership distribution variables have an effect on IFR disclosure. This result contradicts the research of Kusumawardani (2011) which shows that variable public ownership has no effect on the practice of financial reporting through the internet.

Liquidity is the company’s ability to pay hort-term liabilities at maturity (Kasmir, 2013: 128). Bad corporate finance causes the company to be unable to pay short-term debt at maturity. Companies with high liquidity indicate that the companies have good financial condition. Research conducted by Sri et al (2016), Fransiskus et al (2012), and Hany an Anis (2012) shows that liquidity has an effect on Internet Financial Reporting.

Based on previous research, this research focuses on the disclosure of corporate Internet Financial Reporting. In this study using an index that has been applied in Indonesia by Akbar (2014). This study adopts the index previously used by Boubaker et al. (2012). The index in this study is divided into general information (8 items) and information about investors (17 items); financial information (27 items); corporate governance (9 items) and corporate and social responsibility (6 items); User-friendly and technology (26 items); Timeliness (7 items).

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

Based on the above description, the researcher intends to conduct research with the title " Determinants of Corporate Internet Financial Reporting: Evidence from Sri Lanka" Factors that analyzed and tested are the company size, profitability, leverage, auditor size, public ownership level and liquidity on the level of internet financial reporting to non-financial companies listed in CSE in 2019.

From the above discussion, here are some of problems that are considered to affect the level of internet financial reporting, among others:

1) What is the size of the company affecting the level of internet financial reporting?
2) Does the company's profitability affect the company's level of internet financial reporting?
3) Does the level of leverage influence the level internet financial reporting?
4) Does the auditor's size affect the level of the company's internet financial reporting?
5) Does public ownership of the company's shares affect the level of the company's internet financial reporting?
6) Does the liquidity position affect the level of company's internet financial reporting?

The larger the size of a company, the more complete and complex its management information system will be, and the company should also be able to provide better information. Large companies tend to be a highlight in the capital market which at the same time puts pressure on companies in revealing more complete information. Disclosure of more information will increase the company's agency cost.

The larger the company, the larger the cost agency owned by the company, this is because large companies have a greater obligation in delivering financial reporting more fully as a form of management responsibility to shareholders. According to Oyelere et. al. (2003) agency costs incurred by the company in the form of the cost of disseminating financial statements, including printing costs and the cost of sending financial reports to the parties to whom the company intends. Companies use IFR as one of the ways to reduce agency costs in disseminating corporate financial statements on company-owned websites.

In the study of Craven and Marston (1999) who tested the influence of company size and type of industry showed the results of firm size influence on IFR. These results are supported by research conducted by Debreceny (2002) which shows the effect of firm size on IFR. In contrast to the research conducted by Dina (2015) which showed that the results of company measurements have no effect on IFR. Research hypotheses proposed:

H1: Company size has a positive effect on the level of corporate internet reporting.

The performance of a company can be seen from the company's ability to generate profit or what is often called profitability, the higher the company's profitability then the company is indicated to have good performance. According to Marston (2003), the more profitable a company is, the more likely the company is to disclose additional financial information, including practicing IFR as one of the means to disseminate good news. Companies with good performance will try to spread their good reputation, disseminating information using the internet presented in the company website is one of the methods used in disseminating the good reputation of the company. Thus the profitability of the company has an influence on the disclosure of financial reporting in the company website.

In Keumala (2013) research that examines company size, profitability, industry type, leverage, outside ownership and systematic risk shows the results of profitability variables influencing IFR. This result is supported by research conducted by Ismail (2002) which shows the results of profitability variables influencing IFR. This result contradicts the research of Prasetya and Sony (2012) which shows that the results of profitability variables have no effect on IFR. Research hypothesis proposed.

H2: Profitability has a positive relationship on the level of corporate internet reporting.

Leverage is a tool to measure how much a company depends on creditors in financing the company's assets (Prasetya and Soni, 2012). The level of leverage indicates the level of use of debt as a fund used by the firm against the company's equity (Akbar, 2014). The higher the level of leverage, the higher the funding of companies funded by the use of debt. In signal theory, a high level of leverage is

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

one of the bad news signals that indicates poor performance the company. A high level of leverage is one of the main concerns of stakeholders, because a high level of leverage is considered to have an impact on the company's future prospects.

Companies with high levels of leverage have a high risk because companies may not be able to fulfill their obligations. This would threaten the position of company manager who is considered incapable of managing the company. Companies with a high level of leverage will try to avoid voluntary disclosures such as disclosure through the internet media to avoid a bad image of the company.

Research conducted by Xiao (2004) who examined company size, leverage, stock ownership, independent commissioners, type of auditor, type of industry and registered status in foreign exchange showed that leverage variables had no effect on the disclosure of financial and non-financial information in internet. These results are supported by the research of Oyelere et al. (2003) who showed that the leverage variable had no effect on IFR. Research hypotheses proposed:

H3: Leverage has a negative relationship on the level of corporate internet reporting.

The Big Four accounting firms refer to Deloitte, PricewaterhouseCoopers (PwC), KPMG, and Ernst & Young. These firms are the four largest professional services firms in the world providing audit, transaction advisory, tax, consultancy, risk, and actuarial services. The Big Four perform audits of most of public and private companies around the world. According to Bagas (2014), the use of reputable audit firm is a positive signal because the public will assume that the company has information that is not misleading and has disclosed information as transparently as possible. Research conducted by Septiasari (2013) showed that auditor reputation variables have no effect on IFR practice. These results are supported by research conducted by Aly et al. (2010) which showed that the results of the Auditor Reputation variable did not affect the format of the presentation of corporate financial information through the internet. Research hypotheses proposed:

H4: There is a positive relationship between companies audited by members of the Big 4 international audit firms and the level of corporate internet reporting in Sri Lanka.

Public ownership is the percentage of shares owned by the public over the total number of shares of the company. The greater the proportion of public ownership of shares, the wider the information that companies must disclose, one of which is by disclosure through the internet. This is due to the fact that users of financial statements are not only the internal parties of the company but also the public.

Those that belong to public ownership are individuals or institutions that have less than 5% shares that are out of management and do not have a special relationship with the company. Publicly owned shares are generally used for trading and not for ownership. According to Kusumawardani (2011) companies (PT) that have shares in the company are not included in the public category, this consideration is done because it can make the area of disclosure of financial statements is not worth influencing management decisions. Larger public ownership will trigger wider disclosures, including disclosures via internet media. This is because the users of financial statements are not only the internal of the company but also the public.

The research conducted by Rozak (2012) who examined the variables of profitability level, company size, public ownership of shares, leverage, and industry groups showed that the results of public ownership of shares have an effect on IFR. The results of this study are supported by the research of Monica (2013) which showed that the general ownership distribution variables have an effect on IFR expression. This result contradicts the research of Kusumawardani (2011) who showed that varibel public ownership has no effect on the practice of financial reporting through the internet. Research hypotheses proposed:

H5: Public ownership has a positive relationship on the level of corporate internet reporting.

High liquidity value indicates that the company has a good performance so that it is able to maintain the company’s financial condition well. The company manager will conduct an Internet Financial Reporting as a signal to potential investors to invest their capital in the company. However, research conducted by Reskino and Nova

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

(2016), Yosafat and Yulius (2013), and Mellisa and Soni (2012) shows that liquidity has no effect on Internet Financial Reporting because companies with low liquidity value will continue to carry out Internet Financial Reporting as a form of responsibility and to meet the prospective investors' need for information. Research hypotheses proposed:

H6: The liquidity has a positive relationship on the level of corporate internet reporting in Sri Lanka.

3. Research Methodology

The research design explains the relationship between the variables. This study is a study using a quantitative approach, based on the level of research exploration, in the form of associative research. This study discusses the factors that are considered to affect the disclosure of corporate Internet Financial Reporting. Based on previous research, the factors that examined include the size of the company, profitability, leverage, Auditor Size, public ownership, and liquidity.

The population in this study uses non-financial companies that have websites and are listed on the Colombo Stock Exchange in 2019. Financial companies are excluded from the population because finance companies have different reporting requirements than non-financial companies. The total population in this study is 290 companies.

The sample was selected using a stratified sampling method in which the population to be the research sample was grouped into several groups according to the type of industry and then taken from several companies according to the proportion of the number of companies in an industry compared to the total population. The use of these sample techniques in order to represent the entire population. The number of samples in this study is 80 companies or 27.58% of the total population of 290 companies. Sampling was determined using the stratified sampling method. The data analysis technique used is multiple linear regression analysis.

4. Data analysis and Findings

In Table 1, it can be seen that the F count value is 2.752 with a significance level of 0.0012. The level of significance is less than 0.05 (0.012< 0.05). So, the regression model is said to be fit and there is an influence of one of the independent variables on the variable of Internet Financial Reporting. Based on the results of determination of coefficient test, it can be seen that the Adjusted R2 value is 0.213 (Table 1). This means that the ability of the research model to explain the dependent variable of Internet Financial Reporting is 21.3%, while 78.7% of the model cannot explain the dependent variable of Internet Financial Reporting.

Based on the results of data processing, hypothesis 1 is accepted (significant). From the results of hypothesis testing of the firm size variable, regression coefficient value (β1) of 7.312 and a t value of 4.210 with a significance of 0.017 (less than 0.05). The direction of the positive regression coefficient indicates that the larger the size of the firm, the greater the disclosure of Internet Financial Reporting. Large companies have greater responsibilities to stakeholders so they have a high agency cost as a result of the disclosure of information made by the company. In agency theory it is said that large companies tend to be the highlight in the capital market which at the same time puts pressure on companies in revealing more complete information. The results of this study are in line with the research of Craven and Marston (1999) and Debreceny (2002) which showed a significant relationship between the size of the company and the disclosure of Internet Financial Reporting.

Table I. Hypothesis Testing Results

Model	Regression coefficient	t-value	Sig.
(Constant)	37.569	3.751	0.000
Company size	7.312	4.210	0.017
Profitability	321.171	19.549	0.512
Leverage	-0.963	21.695	0.008
Auditor Size	-3.412	9.723	0.063

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

Ownership Structure		2.951	0.629	0.358
Liquidity		0.580	0.442	0.072
Adjusted R2	0.211			
F	2.752			
Sig. F	0.000			

Based on the results of data processing, hypothesis 2 is rejected (not significant).

From the results of hypothesis testing of the profitability variable using a partial test (t-Test) regression coefficient value (β2) of 321.171 and a t value of 19.549 with a significance of 0.512 (more than 0.05). Thus there is no significant relationship which means that profitability has no effect on the disclosure of Internet Financial Reporting. According to Keumala (2013) companies do not pay much attention to the amount of profit in the implementation of IFR. Both large and small companies tend to ignore the profits made due to less stable economic conditions. This result is in line with the research of Prasetya and Sony (2012) which showed that the results of profitability variables have no effect on the disclosure of Internet Financial Reporting.

From the test results of the leverage variable using partial test (t-Test) regression coefficient value (β3) of 0.963 and t-value of 21.695 with a significance of 0.008. Based on the results of the regression test, H_3 is accepted. The regression test results showed a significance of 0.008 less than 0.05, indicating a significant leverage relationship to the disclosure of Internet Financial Reporting, with a negative regression coefficient. This is due to the high level of leverage indicates the high use of debt to fund the company and at the same time will threaten the position of company manager who is considered incapable of managing the company. In signal theory, a high level of leverage is one of the bad signals that indicates the poor performance of the company. Companies with high levels of leverage will tend to avoid voluntary reporting such as the use of websites to avoid a bad image of the company.

Based on the results of data processing, hypothesis 4 is rejected. From the results of the auditor's size test using partial test (t-Test) regression coefficient value (β4) of -3.412 and t-value of 9.723 with a significance of 0.063 (more than 0.05). Thus there is no significant relationship which means that the auditor's reputation has no influence on the disclosure of Internet Financial Reporting. This result is due to the fact that many KAPs today are not affiliated with the Big Four but have performance equivalent to the KAP Big Four. According to Akbar (2014) with many KAPs that have good performance quality, the company no longer pays attention to whether they are audited by KAP Big Four in performing website-based reporting practices. The results of this study are in line with the research of Aly et al. (2010) and Septiasari (2013) who showed that Auditor Size variables had no effect on IFR practice.

based on the results of data processing, hypothesis 5 is rejected (not significant). From the test results of public ownership variables using partial test (t-Test) regression coefficient value (β5) of 2.951 and t value of 0.629 with significance of 0.358 (more than 0.05). Thus there is no significant relationship which means that public ownership has no influence on the level of Internet Financial Reporting. The results of this study are in line with the research conducted by Kusumawardani (2011) which showed that varibel public ownership has no effect on the practice of financial reporting through the internet. This result is because the ownership of shares by the public is ownership below 5% and is for sale and not for management control. Company information as a whole may be less noticeable by shareholders with a proportion below 5%.

Liquidity indicates a company's ability to pay off its short-term liabilities. Liquidity is calculated using the Ratio of Liquidity Depth to Ratio (LDR) by dividing the loan by third party funds. Liquidity refers the level of a company's ability to pay its short-term liabilities. Lack of liquidity can cause the company to be unable to pay off its short-term debt at the maturity date (Mellisa and Soni, 2012). From the test results of the liquidity variable hypothesis 6 is rejected. Based on the results of hypothesis testing, test results regression coefficient value (β6) of .580 and t-value of .442 with a significance of 0.072. The results of the regression test showed a significance of 0.072 greater than

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

0.05, So, it can be concluded that the variable of liquidity does not affect the Internet Financial Reporting, or H6 is rejected.

5. Conclusion

This study aims to empirically prove the relationship between company size, profitability, leverage, Auditor Size, public ownership and liquidity in the level of Internet Financial Reporting. Based on the results of the discussion and summary of the above research results can be concluded: 1) Variables of company size have a significant influence on the level of Internet Financial Reporting with positive research direction according to hypotheses, 2) Variables of profitability have no significant effect on the level of Internet Financial Reporting with the positive research direction according to hypotheses, 3) The leverage variable has a significant effect on the level of internet financial reporting in the negative research direction in accordance with the hypothesis, 4) The Auditor Size does not have a significant influence on the level of internet financial reporting in the negative research direction according to hypotheses. 6) Variables of liquidity have no significant influence on the level of internet financial reporting in the positive direction of research according to hypotheses.

References

1. Abdelsalam, O. and El-Masry, A., 2008. The impact of board independence and ownership structure on the timeliness of corporate internet reporting of Irish-listed companies. *Managerial Finance*.
2. Adi, B.P. and Rahardjo, S.N., 2012. *Tingkat pengungkapan informasi keuangan dan nonkeuangan melalui website perbankan di Indonesia* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
3. Adi, B.P. and Rahardjo, S.N., 2012. *Tingkat pengungkapan informasi keuangan dan nonkeuangan melalui website perbankan di Indonesia* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
4. Akbar, D.A. and Daljono, D., 2014. *Analisis faktor yang mempengaruhi pengungkapan laporan perusahaan berbasis website* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
5. Alfaiz, D.R. and Rahardjo, S.N., 2013. *Pengaruh karakteristik dan tata kelola perusahaan terhadap tingkat pengungkapan informasi keuangan dan nonkeuangan melalui website perusahaan di indonesia* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
6. Aly, D., Simon, J. and Hussainey, K., 2010. Determinants of corporate internet reporting: evidence from Egypt. *Managerial Auditing Journal*.
7. Ashbaugh, H., Johnstone, K.M. and Warfield, T.D., 1999. Corporate reporting on the Internet. *Accounting horizons*, *13*(3), pp.241-257.
8. Beaver, W.H., 1968. The information content of annual earnings announcements. *Journal of accounting research*, pp.67-92.
9. Chariri, A., 2007. Analisis faktor-faktor yang mempengaruhi pelaporan keuangan melalui internet (Internet Financial Reporting) dalam website perusahaan.
10. Craven, B.M. and Marston, C.L., 1999. Financial reporting on the Internet by leading UK companies. *European Accounting Review*, *8*(2), pp.321-333.
11. De Silva, C. and Ajward, R., 2018. The Impact of Firm Characteristics on Corporate Internet Reporting: Evidence from Sri Lankan Listed Companies. *CA Journal of Applied Research*, *2*(1), pp.6-24.
12. Debreceny, R., Gray, G.L. and Rahman, A., 2002. The determinants of Internet financial reporting. *Journal of Accounting and Public policy*, *21*(4-5), pp.371-394.
13. Diatmika, I.G.P.A. and Yadnyana, I.K., 2017. Pengungkapan Pelaporan Keuangan melalui Website dan Faktor-Faktor yang Mempengaruhi. *E-Jurnal Akuntansi Universitas Udayana*, *21*(1), pp.330-357.
14. Diatmika, I.G.P.A. and Yadnyana, I.K., 2017. Pengungkapan Pelaporan Keuangan melalui Website dan Faktor-Faktor yang Mempengaruhi. *E-Jurnal Akuntansi Universitas Udayana*, *21*(1), pp.330-357.
15. Efendi, Dina Ayu. 2015. “Pengungkapan Laporan Keuangan Melalui *website*”. h..1-15
16. Ettredge, M., Richardson, V.J. and Scholz, S., 2001. The presentation of financial information at corporate Web sites. *International Journal of*

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731

Accounting Information Systems, *2*(3), pp.149-168.

17. Ettredge, M., Richardson, V.J. and Scholz, S., 2002. Timely financial reporting at corporate web sites?. *Communications of the ACM*, *45*(6), pp.67-71.
18. Ghozali, I., 2016. Aplikasi Analisis Multivariete IBM SPSS 23. *Badan Penerbit Universitas Diponegoro, Semarang*.
19. Handoko, M. and Fuad, F.U.A.D., 2013. *Anteseden dan konsekuensi Tingkat Pengungkapan Informasi Keuangan berbasis internet: Peran Moderasi Kinerja Keuangan* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
20. Hanifa, M.H. and Rashid, H.M.A., 2005. The determinants of voluntary disclosures in Malaysia: The case of internet financial reporting. *UNITAR e-Journal*, *2*(1), pp.22-42.
21. Hussainey, K., Boubaker, S., Lakhal, F. and Nekhili, M., 2012. The determinants of web-based corporate reporting in France. *Managerial Auditing Journal*.
22. Ismail, T.H., 2002. An empirical investigation of factors influencing voluntary disclosure of financial information on the internet in the GCC countries. *Available at SSRN 420700*.
23. Joshi, P.L. and Al-Bastaki, H., 2000. Factors determining financial reporting on the internet by banks in Bahrain. *Review of Business Information Systems (RBIS)*, *4*(3), pp.63-74.
24. Krishnasamy, T. and Pratheepkanth, P., The level of Internet Financial Reporting Disclosure in listed companies in Sri Lanka.
25. Kuruppu, N., Oyelere, P. and Al-Jabri, H., 2015. Internet financial reporting and disclosure practices of publicly traded corporations: Evidence from Sri Lanka. *Accounting & Taxation*, *7*(1), pp.75-91.
26. Lai, S.C., Lin, C., Lee, H.C. and Wu, F., 2007. An empirical study of the impact of internet financial reporting on stock prices. *Available at SSRN 1014140*.
27. Marston, C. and Polei, A., 2004. Corporate reporting on the Internet by German companies. *International Journal of Accounting Information Systems*, *5*(3), pp.285-311.
28. Marston, C., 2003. Financial reporting on the internet by leading Japanese companies. *Corporate communications: An international journal*, *8*(1), pp.23-34.
29. Oyelere, P., Lasward, F. dan Fisher, R. 2003. ”Determinants of Internet Financial Reporting by New Zealand Companies”. *Journal of International Financial Management and Accounting*, Vol.14 No.1, pp.26-63.
30. Pervan, I., 2006. Voluntary financial reporting on the internet: analysis of the practice of stock-market listed croatian and slovene joint stock companies. *Financial theory and practice*, *30*(1), pp.1-27.
31. Rozak, A., 2012. Pengaruh Tingkat Profitabilitas, Ukuran Perusahaan, Kepemilikan Saham Oleh Publik, Leverage dan Kelompok Industri Terhadap Tingkat Internet Financial Reporting (IFR). *Jurnal Computech & Bisnis*, *6*(2), pp.101-112.
32. SEPTIARSI, N.M. and PRASTIWI, A., 2013. *Analisis Faktor-faktor yang Mempengaruhi Pengungkapan Pelaporan Keuangan Melalui Internet dalam Website Perusahaan* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
33. Xiao, J. Z., H. Yang and C. W. Chow. 2004. “The Determinants and Characteristics of Voluntary Internet Based Disclosures by Listed Chinese Companies,” *Journal of Accounting and Public Policy 23*, pp. 191-225.

ISSN (Print): 2204-0595
ISSN (Online): 2203-1731