Asian Journal of Economics, Business and Accounting

Volume 23, Issue 20, Page 138-150, 2023; Article no.AJEBA.104690
ISSN: 2456-639X

Effect of Firm Characteristics on Timeliness of Corporate Internet Financial Reporting of Malawi Public Firms

Sheron Ndhlovu [a] and Dumisani Rumbidzai Muzira [b*]

[a] Malawi Adventist University, Malawi.
[b] Africa University, Zimbabwe.

Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

Article Information

DOI: 10.9734/AJEBA/2023/v23i201099

Open Peer Review History:
This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: https://www.sdiarticle5.com/review-history/104690

Original Research Article

Received: 10/07/2023
Accepted: 12/09/2023
Published: 19/09/2023

ABSTRACT

The purpose of this paper was to investigate the impact of firm characteristics on the timeliness of corporate internet financial reporting in Malawi. The research is a quantitative study, guided by the post-positivist philosophy and a deductive approach. Content analysis of secondary data was done through a disclosure index on corporate internet financial reports. Regression analysis was performed to find the impact of firm characteristics variables (leverage, size, and profitability) on the dependant variable timeliness of corporate internet reporting. The study focused on 50 companies, comprising of 13 listed companies on the Malawi Stock Exchange and 37 limited companies that are not listed using their industry sector. The study found out that 86% of the sampled listed and non-listed companies had a corporate website. Of these, 24% are engaged in internet financial reporting which signifies a low level of internet financial reporting in Malawi. In addition, the researchers found out that of those presenting financial reports on their website, the lag time is more thus making the information not to be timely presented to the stakeholders.

**Corresponding author: E-mail: rdmuzira@gmail.com;*

Keywords: Firm characteristics; timeliness; corporate internet financial reporting.

1. INTRODUCTION

Investors are frequently using the internet as their source of information and many companies are now reporting all or part of their financial information on their websites [1]. This is a positive development from the traditional setting where corporate reports would be published only at year-end through the annual report. Internet-based financial reporting is now the norm rather than the exception in most western countries and developing countries are also experiencing the phenomena [2]. This implies that financial reporting via the internet is now a global phenomenon and developing countries should not be left behind [3]. Timeliness in reporting would enhance relevance, usefulness and transparency that would help stakeholders to make informed decisions. More, so technology has brought about a new culture of stakeholders who want to access everything they need online. This spans from advertising, ordering, buying, selling, entertainment, real-time stock price quotes, online news, and even church online. This was even intensified by the covid 19 lockdown period when internet trading became the main source of business. If companies lag in Internet Financial Reporting (IFR), big business and investments would be missed. Considering these and other benefits that IFR can bring to the companies, the study aimed to investigate the influence of firm's characteristics on the timeliness of IFR on companies in Malawi. This study will create awareness and appetite for IFR in Malawi and helps preparers of financial statements to align with the current reporting trends. This study could also be used as reference for future studies.

1.1 Statement of the Problem

The value of financial information reduces as time lag increases, hence corporate financial reports should be timely if they are to be of value to the users [4]. In Malawi, only 61.5% of the companies are presenting financial information on their websites leaving out 38.5% [5]. The 38.5% that is not using IFR is substantial considering the impact IFR has on organizations and the growth of the economy if companies will be able to attract more investors (local and foreign). Information lacks relevance and is of little or no utility if it is not available when it is required. Relevance also lacks if the information becomes available so long after the reported events that it is no longer useful for future action. Timelines would also increase transparency in reporting which is key for decision making. Thus, the study sought to examine the impact of firm characteristics on the timeliness of corporate IFR. Most studies on IFR focused on size, profitability, foreign listing, industry sector and size of audit firm [6,7] (Desoky, 2009). This study added a new variable, leverage, to size, profitability which are the most studied variables on internet financial reporting.

1.2 Research Question

Do firm characteristics (size, profitability, and leverage) have significant influence on timeliness of corporate internet financial reporting?

1.3 Significance of the study

1. The study will provide the society of accountants in Malawi with ways in which financial reporting can be improved to attain timeliness in financial reporting of organizations.

2. The paper will motivate company management to ensure that their reports are presented to their stakeholders in a timely and cost-efficient manner since distribution the financial reports using the web would reduce the costs and facilitate timely provision of financial reports.

1.4 Assumptions

The researchers assumed that most companies in Malawi are not achieving timely corporate internet financial reporting.

1.5 Delimitations of the Study

During the research the following delimitations were considered:

1. The financial statements analyzed in the study are only for the companies in Malawi that have websites.
2. The selected variables of this study were more suitable in the Malawian context.
3. Given that there is no standard definition for quality financial reporting. This paper discussed quality financial reporting using timeliness which is one of the qualitative characteristics of financial reports.

2. LITERATURE REVIEW

2.1 Theoretical Framework: Signalling Theory

The theory that underpins IFR is the signalling theory. The information in financial reports is being used to signal certain information to stakeholders to prove that the organization is better than the other organizations in the same industry sector, thus, creating a favourable reputation. Voluntary disclosure is a tool in signalling theory since companies tend to give more information to signal manager's intention and future outlook. Consequently, the assumption under which the theory revolves around is that, to be seen to be better or at the same level with other companies in the similar industry, companies will try to reveal information that other companies in the same industry are disclosing [8]. Signalling theory also supports that companies that are profitable would want to signal their profits to the stakeholders. To achieve this, they then tend to improve the quality of reporting. This has been echoed by Alsaeed [9] who mentions that profitable companies feel proud of their achievements and in the end, they disclose additional information to company stakeholders to promote positive impressions about the company's performance. Signalling theory relates to this study in the sense that the companies in Malawi that have their reports on the internet are signalling to the stakeholders that they are in sync with stakeholder demands for timely reporting. However, the quality of the information presented on the internet might need a re-look.

2.2 The Concept of Financial Reporting

Financial reporting is a process that allows an organization to disclose its financial status and operations to internal and external users, thus, financial reporting is not only limited to provision of financial statements [10]. Financial reporting is guided by the Conceptual Framework for Financial Reporting as approved by the IASC Board in April 1989 but later improved in 2010 by IASB. Kieso, Weygrant and Warfield [10], define conceptual framework as "a coherent system of interrelated objectives and fundamental principles". They also state that, a framework stipulates the nature, functions and boundaries of financial accounting and financial statements. The accounting conceptual framework has three levels: first, –is about the goals and purposes of accounting; the second, – which shows the qualitative characteristics of financial reporting and the elements of financial statements; and the third, – which identifies the assumptions, principles, and the constraints underlying accounting. Therefore, this study seeks to find if level 2 of the accounting conceptual level is being met by corporation through provision of timely internet financial reports as influenced by the firm's characteristics.

2.3 The Concept of Timeliness in Financial Reporting

The goal of timely financial reporting is to provide information quickly and accurately to stakeholders for use in decision-making [11]. With age and extended delays in the availability of financial information (through financial reporting), information potentially loses relevance and thus render the information less useful for economic decision making [12]. McGee and Yuan [12] proceed to mention that one of the characteristics of excellent corporate governance identified by the Organisation for Economic Co-operation and Development (OECD) and the World Bank is the timeliness of financial reporting. The statement about the provision of timely financial information is also supported by Kieso, Weygrant, and Warfield [10] when they state that, "the objectives of financial reporting are to provide information that is (1) useful in investment and credit decisions (2) useful in assessing cash flow prospects, (3) about the company resources, claims to those resources, and changes in them". Thus, as stated by McGee and Yuan [12] usefulness of financial reporting is determined by the freshness of the information given that the more the time elapses the stale the information becomes and the less value it has.

2.4 Firm Characteristics' Impact on Timeliness of Corporate Internet Financial Reporting

Firm's characteristics in this study relate to the firm size, leverage, and the profitability of the firm. The signalling theory provide arguments for the positive association of timeliness in IFR with firm size, industry type and profitability [6,7]. On firm size, to fulfil the increasing demand for information, large companies are more likely than small ones to adopt Information Technology to improve financial reporting [13]. While on industry type, signalling theory states that companies within the same industry tend to adopt the same level of disclosure [14]. Then on profitability, managers of successful (profitable)

firms may be more likely to provide timely information to increase investor confidence, support their remuneration agreements, and lower the cost of capital raising [15]. These three dimensions of firm characteristics play a pivotal role in the provision of timely internet financial reports by companies and thus warrants the need to study them.

Ezat and El-Masry [16] states that the internet is an effective instrument for informing stakeholders in a timely manner and preserving the value and relevancy of information. To determine whether firm characteristics are factors in IFR, extensive research on firm characteristics has been conducted [13,17,15,18,14,2].

According to empirical research, internet financial reporting is significantly positively related to firm size. Furthermore, studies on disclosure have extensively examined the connection between a company's size and the information it provides to outside agents. Evidence from earlier studies generally demonstrates a favorable correlation between firm size and online disclosure [13,19,18,20,14,15] (Çalişkan & Güler, 2014). This shows that large organizations are more likely to employ Information Technology to enhance financial reporting to satisfy the higher demand for information than small companies [13]. Ezat and ElMarsy [16] add that, large corporations may have easier access to financial markets if they publish more information online.

The positive relationship can be due to several factors, some of which were emphasized by Almilia [17]. First, large corporations may have the resources to provide information due to their more advanced internal reporting systems, and the cost of producing such information may be lower for larger enterprises. Second, large firms are subject to greater political costs and pressures, large corporations have greater incentives to provide voluntary information. Third, due to fierce industry competition, smaller businesses are more prone to conceal important information. It is also asserted that pressure from the stock market compels big businesses to provide more information on their websites to help them raise outside funding to improve their performance. Due to this, large firms have easier access to financial markets thanks to increased online information disclosure [14].

Another element that has drawn research attention is profitability and how it relates to corporate internet financial reporting. The justification offered for this element is that a corporation is more likely to reveal financial information if it is profitable. Singhvi and Desai [21], results show that when profitability is strong, management reveals more information. High profitability is cited as the justification for this since it denotes effective management. According to agency theory, managers of successful businesses may be more likely to reveal information to increase investor trust, support their remuneration agreements, and lower the cost of capital raising [15]. The agency theory, which holds that managers of profitable organizations spread more information online to explain their own benefits, supports the idea that profitability and its relationship to online disclosures should be researched [16]. The study by Kamalluarifin [11] showed that the timeliness of corporate IFR and profitability are positively correlated. Based on the information above, this article suggests that there is a positive association between profitability and timely reporting in corporate IFR.

Additionally, a positive correlation between industry type and online financial reporting has been shown in earlier studies. Ezat and El-Masry [16] state that, to understand the sort of corporate connection with online disclosure, numerous empirical researches have been conducted. Various outcomes have been realized though. According to the signalling theory, companies in the same line of industry tend to embrace the same level of disclosure [14]. Basuony and Mohamed [14] continue to say that a corporation may be seen as withholding certain information rather than offering it fully as intended if it chooses to adopt a different pattern of disclosure. Ezat and El-Masry [16] found that industry type and the timeliness of corporate internet financial reporting are significantly correlated. This leads to the proposition that the nature of the industry influences the timely delivery of information in corporate IFR.

The study by Yassin Mohammed [22] found out that firms that are larger, profitable, and more leveraged are more inclined to participate in IFR. The study concluded that more accurately than a firm's financial characteristics, corporate governance processes can forecast IFR and its components, content, and format. A study by Umoren, and Asogwa [6] indicated that, of the total population (Nigeria listed companies) 80.8% have websites while 19.2% do not or the websites was not accessible. Furthermore, the results showed that the financial sector had the

highest number of companies (55) with official websites while the manufacturing sector has the highest number of companies (14) without official websites. This indicates that industry type plays an important role in determining the use of company websites for financial reporting. This supports the legitimacy theory. In addition, the results indicated that the industrial sector and business size (log of total assets) are significantly correlated with the internet financial reporting (IFR) index. However, it was not established that profitability, auditor type, or firm age were important explanatory variables for IFR index. In conclusion the paper suggested that "management of Nigerian quoted companies should embrace the internet as a tool for communicating with stakeholders, such as investors, regulators, creditors and employees. They should improve their stakeholder relations criteria and improve on their sites to provide stakeholders with as much relevant financial information as possible" (78). Since Malawi is an African country like Nigeria, a proposition for similar results is made in this study.

3. METHODOLOGY

3.1 Research Philosophy and Paradigm

This paper is guided by post-positivist philosophical ideas. The post-positivist approach was chosen because:

- the research problem is to find the causal connection between firm characteristics and the timeliness of corporate internet financial reporting. This shows that the paper follows a functionalist paradigm.
- In addition, the philosophy allows for basing the research on observation and measurement of the objective reality (quality financial reporting).
- Positivism as a philosophy was also chosen since it is a philosophy dealing with observable social reality and the result is generalizable [23,24].
- Furthermore, the philosophy will allow the research to be undertaken in a value-free way. That is, the researchers are external to the research, hence, no influence on the data collected.
- In addition, the positivist approach has an objective reality that can be expressed through quantifiable data, it allows for determination of the outcome by using the cause-and-effect relationship, also knowledge is gained through deduction from observation and measurement. Thus, the post-positivist philosophy will allow for theory verification by allowing for a quantitative approach to be followed.

3.2 Research Approach

The paper used the deductive approach. Deductive approach was selected since it allows for finding the causal relationships that exist between the variables. The study used deductive approach since it allows for development of a theory, then hypotheses, followed by data collection and then testing of the hypotheses. This notion was given by Saunders, Lewsi, and Thornhill [24] when they mentioned that, under deductive approach, a theory is developed, hypothesized, and then tested. In addition, the collected data will be analyzed and then conclusion generalized [24].

3.3 Research Strategy

The researchers used the survey strategy which according to Saunders, Lewsi ,and Thornhill [24] it is a type of strategy that tend to be used with the deductive approach and involve sampling a representative share of the population. In addition, Saunders, Lewsi, and Thornhill [24] also state that, the surveys generate quantitative data that may be empirically analyzed. The most popular application of surveys is the investigation of causal factors between various types of data. Furthermore, survey strategy was adopted because it is compatible with the nature of the study, where the positivist approach was adopted, and a hypothesis developed and the data collected to test the hypothesis.

3.4 Research Time Horizons

A cross-sectional time horizon was adopted as opposed to the longitudinal time horizon. The research used cross-sectional period by obtaining the data from secondary sources. The reason for choosing cross-sectional time horizon was due to that:

- Cross-sectional studies often employ the survey strategy [24]
- Cross-sectional time horizon is one already established, whereby the data must be collected thus supporting the research strategy

3.5 Population

The population of the study are the listed companies under the Malawi Stock Exchange plus other registered limited companies that are mainly operational in Malawi. Of these companies that are registered and operational but not on the Malawi Stock Exchange in Malawi a minimum of Total assets of MWK 300,000,000.00 was put to allow for study of companies that publish their financial reports for public use. Thus, companies that have a value of total assets below the stated amount were dropped from the population. The reason for such selection of the value is to eliminate companies that are just beginning and those that do not attract many stakeholders. This allows for targeting companies that publish their financial statements for public use for the purposes of finding investors or to comply with the listed companies' regulations. Out of the total population purposeful sampling using maximum variation was used.

3.6 Sampling

The sample of this study consisted of 50 companies comprising of 13 which are listed under Malawi Stock Exchange and 37 that were purposeful sampled from the limited companies in Malawi. The purposeful sampling used maximum variation to allow for selection of the 37 companies in different industry type (sector). The reason for purposeful sampling was to avoid having a concentration of companies in the same industry. Thus, purposeful sampling was done so as to allow for variation in the sampled companies and thus allow for generalization of the results that would be obtained from the study. The search engine google, and the website of the Malawi Stock Exchange were used to find the web addresses of the sampled companies. For the companies where this could not be found using the above methods, a phone call to the company was made so at to get the web address of that company.

3.7 Instrument for Data Collection

The instrument for data collection used was an IFR index that allowed the researchers to analyze the company's annual report for each question/statement items and assign weight based on Likert scale of 1 and 0. The instrument was adapted from Lipunga [5]. The IFR index comprised of statements that were measured against the annual reports of companies and numerical figures that were derived from the annual reports, for example, liquidity. The survey instrument had statements that are divided according to the variables. Data collected was analyzed using SPSS Statistical package.

3.8 Validity and Reliability

Content validity measures the extent to which the items in the instrument measure the content they intend to measure [23]. This process was achieved through consultation with the experts in the field of accounting and financial reporting and through referring to past studies to determine how they structured their instruments. The researchers also ensured that, in data collection own beliefs and frame of references through the IFR index were not a hindering factor. Thus, these methods ensured that the data was reliable.

3.9 Data Analysis

The researchers used SPSS Statistical analysis to perform the descriptive statistics and multiple regression to test the hypotheses and, therefore answer the research question. Given that the study is a quantitative study, the data analysis followed some necessary and interrelated steps. The steps performed include but are not limited to: data coding, editing, handling missing data and illogical values, outliers, testing for normality and reliability.

3.10 Data Presentation and Analysis

Using an IFR index, analysis of the companies' annual reports was done using a Likert scale of 1 and 0. The instrument was adapted from Lipunga [5]. The IFR index comprised of statements that were measured against the annual reports of companies and numerical figures that were derived from the annual reports, for example, debt to equity ratio. The independent and dependant variables were measured using the following indicators: Firm size was measured using total assets, total sales, Research & Development (R & D) intensity, and product market power. Profitability was measured using net profit margin, Return on Asset (ROA), Return on Equity (ROE) and Return on Capital Employed (ROCE). Leverage was measured using total debt to total assets and debt to equity ratio. Internet financial reporting was measured by the information presented in the financial statements found on the company website (content and web quality). The timeliness was

measured using frequency and updated press release while web quality was measured using the presentation of the financial statements on the web.

3.11 Level of Internet Financial Reporting

The website status of the sampled companies shown in Table 1 indicates the level of internet financial reporting. Of the sampled 50 companies in Malawi, 43 had websites and 7 did not have websites. Companies with a website represents 86% of the sampled companies while those without a website its 14%. Furthermore, out of the 43 companies that have websites, only 12 (24%) report financial information on the website while 31 (62%) do not report any financial information on their website. The results therefore indicate that about 72% of the companies with a website have not engaged Internet financial reporting, thus they do not practice it while only 28% are practicing. This shows a low level of internet financial reporting in Malawi. In Nigeria, an African country like Malawi, Salawu [25] found that 90% of the listed companies had websites and 10% had no websites. This indicates that Malawi is lagging even in comparison to other developing countries

3.12 Empirical Results

Descriptive analyses showed an average asset value of MWK 15,026,875,000.00 per company and an average generated income of MWK 19,937,833,333.33. Return indicators is positive on average which is evidence of companies operating at a profit. On average the debt ratio is above 0.5 which is unfavourable because it is above 50% showing high indebtedness of the companies. All these results are summarised in Table 2.

3.13 Regression Results of firm's Characteristics

Multiple regression analysis was carried out on the 43 Malawian companies that had websites. Data was also transformed before performing the multiple regression. This was done to eliminate problems that could arise of normality, homogeneity of variance and outliers. Under firm's characteristics the measures included resource mobilization (internal and external), product market power, operational efficiency, economic development influence, distribution of human capital, total sales, and total assets among others. Table 3 shows the statistical results of firm's characteristics.

Table 3 contains the statistics that show that the model is statistically significant. F = 34.898, and p = 0.000, then it can be concluded that firm size does have a positive influence on corporate IFR. The f value as shown is high and positive showing that the variables are the best fit to be used for the data. This means, the firm's characteristics of a corporation has a positive influence as to whether the corporation will be engaged in IFR or not and also as to whether they will present timely reports. The model summary information is presented in Table 4.

Table 1. Website Status of sampled companies

	No.	%
Companies with a website and do not have financial reports	31	62
Companies with a website and have financial reports	12	24
Companies without a website	7	14
Total	**50**	**100**

Table 2. Descriptive statistics of independent variables

	Minimum	Maximum	Mean
Total Assets	3.5m	92bn	15,026
Total Sales	5m	101bn	19, 937
ROE	0.12	0.72	0.24
ROA	0.03	0.31	0.08
ROCE	0.04	0.35	0.09
Debt ratio	0.30	0.90	0.59
Debt to Equity Ratio	0.12	6.11	1.55

Table 3. ANOVA IFR and firm characteristics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.829	9	.870	34.898	.000[b]
	Residual	.823	33	.025		
	Total	8.651	42			

a. *Dependent Variable: IFR*

b. *Predictors: (Constant), R and D Intensity, Internal resource, Distribution Human capital, Total sales, External resource, Product market power, Operational Efficiency, Economic dvpt, Total* assets

Table 4. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951[a]	.905	.879	.158

Table 5. Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.142	.214		.664	.511
Internal resource	.006	.136	.003	.041	.967
External resource	-.148	.066	-.151	-2.228	.033
Product mkt pwr	.047	.094	.041	.499	.621
Opera Effiecie	.035	.094	.029	.370	.714
Economic dvpt	.071	.111	.058	.638	.528
Distri Hmn capital	-.175	.204	-.059	-.860	.396
Total sales	.023	.166	.023	.136	.892
Total assets	.934	.176	.908	5.317	.000
R and D Intensity	.052	.060	.056	.875	.388

The value of correlation coefficient as shown in Table 4 is 0.951 (R = 0.951). The adjusted coefficient of determination has been estimated at 0.879 (R^2 = 0.905) meaning that independent variables explain 90.5% of the variance of the dependent variable – IFR. This helps explain the statistically significance as shown by the significance which is below 0.05.

According to the information shown in Table 5 above, of these independent variables, it can be noted that the ones that have the statistical significance are external resources at 0.033 (p = 0.033) and Total assets at 0.000 (p = 0.000). The rest of the independent variables are not statistically significant as they do have a value of more than 0.05. Thus, it can be concluded that the two variables influence the timelines of corporate IFR. The reason can be that they want to provide information to those that provide the resources to the organization. But as noted in the regression Table 5, all the other factors save for external resource and total assets are not significant thus implying that they do not have an impact on timeliness of IFR.

3.14 Descriptive Statistics of IFR Content and Web Quality

Regarding the content 12 (24%) companies have disclosed their annual reports that have financial reports included on their websites. Of these companies only 6 companies publish interim reports. Of the companies that publish interim reports only 3 have are consistent with the practice of publishing interim reports. All the companies that have financial reports on their web, they used English as the language for communication. The financial reports included all the statements and elaborations plus the financial policies. These were well presented and elaborated including the auditor's report. Some of the companies (about 20%) went on to include business operations analysis, financial indicators, and corporate governance while most of the companies left these aspects out. Furthermore, about 3 companies had the section for investors in addition to the financial information presented. This meant that the companies also published independent information that was specifically intended for investors. This includes information

on general meetings, financial calendars, data on shares and dividend and ownership structure. However, the observation is that companies in Malawi are not taking advantage of the opportunity provided by the World Wide Web to take information to their stakeholders. The World Wide Web generally is used to market the products that companies provide. This limits investors who may be interested in the companies. The descriptive analysis for individual evaluation elements is provided in Table 6 and Table 7.

Under web quality, most companies are using the PDF format and the HTML. No company employed the excel format or XBRL. Thus, all the companies have the facility that allows users to download, copy, save and print. The websites except one were user friendly and downloading was done without any hassle. Most companies had their annual reports given an appearance that would well represent the companies, showing time devoted in developing such reports. Of all the companies that presented their financial reports, none offered an interactive annual report and there was no option of further information except inclusion of the contact us email address which would then take time to be responded to. Pervan [26] and Budisusetyo and Almilia [7] found out that most companies were using PDF format for the internet financial reports. This study results are therefore in sync with other studies done in other countries that found that most companies had PDF formats and no interactive annual reports posted on their websites [27,28].

3.15 Descriptive Statistics of Timeliness (Decision Usefulness)

Analyzing the statistical results presented in Table 8 it shows that there is statistical significance ($F = 6.697$, $p = 0.000$) that decision usefulness has a positive influence towards corporations engaging in internet financial reporting. This can be attributed to the fact that if corporation cannot keep timeliness in producing their reports, then they know that by the time they post their financial reports they would have lost their relevance. Relevance in financial reporting is crucial for decision makers and as such if it cannot be kept then the financial reports presented will be deemed useless. Thus, due to most organizations failing to produce interim reports and current annual reports, it deters them from engaging in financial reporting using their websites. This shows that companies are failing to take advantage of technology and the World Wide Web.

Table 6. IFR content

IFR Content	No.	%	IFR Content	No.	%
Statement of financial position	12	100.00	General meeting information	43	16.67
Statement of comprehensive income	12	100.00	Public investors information	12	0
Annual Report	12	66.67	Corporate governance	12	16.67
Cash flow statement	12	100	Reporting by segments	12	25.00
Auditor's report	12	100	Ownership structure	43	46.51
Financial notes	12	100	Interim reports	12	50.00
Accounting policies	12	66.67	Financial Calendar	12	8.33
Financial summary	12	83.33	Chairman's report	13	100.00
Annual reports for previous periods	12	91.67	Company History	43	67.44
Financing & investments reporting	12	0	Products/Services offered	43	93.02

Table 7. IFR web quality

IFR Content	No.	%	IFR Content	No.	%
Reporting format – PDF	43	41.86	Further processing option	43	0
Reporting format – html	43	39.53	Interactive annual report	12	0
Reporting format – Excel	43	0	Link to table of contents	43	93.03
Downloading	43	51.16	Link to homepage	43	93.03
Printing	43	51.16	Direct e-mail contacts	43	95.36
Up-to-date information	43	27.90	Copying	43	51.16

Table 8. ANOVA Timeliness

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.577	4	.894	6.697	.000[b]
	Residual	5.074	38	.134		
	Total	8.651	42			

a. Dependent Variable: IFR

b. Predictors: (Constant), Frequency of Unaudited, Existence, Updated Press Release, Disclaimer

Table 9. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643[a]	.413	.352	.365

Table 10, Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.130E-016	.084		.000	1.000
	Existence					
	Updated Press	.370	.164	.410	2.262	.030
	Release	.028	.167	.030	.167	.869
	Disclaimer	-.194	.402	-.139	-.484	.631
	Frequency of Unaudited	.602	.380	.465	1.586	.121

a. Dependent Variable: IFR

The value of the correlation coefficient equals 0.643 (R = 0.643) meaning that the correlation between the dependent variable and independent variables is moderate. The adjusted coefficient of determination has been estimated at 0.352 (R^2 = 0.413) meaning that independent variables explain 41.3 per cent of the variance of the dependent variable.

From the regression Table 10, it shows that despite having the existence of financial reports on the company website, not all were in the recent periods. Most of them were for past periods and thus are not updated. This is shown by a significance of 0.869 for the updated press release. This shows that companies seldom update their websites and post new information for their stakeholders to use. In addition, the frequency of unaudited financial statements on the website also gave a significance of 0.121 to indicate that there are no frequent interim financial statements presented by corporations using their websites. Given the information above it shows that corporations in Malawi are not achieving timeliness in the presentation of the financial reports to their stakeholders.

4. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.1 Findings

The study was set to find out the effect of firm's characteristics on timeliness of corporate internet financial reporting focusing on the Malawian companies. The study was prompted by the technological advancement in the world which is seeing websites of companies being used also to publish financial reports and thus replacing the traditional way of presenting financial reports at year end. The study found out that 86% of the sampled listed and non-listed companies had a corporate website. Of these, 24% are engaged in IFR which signifies a low level of IFR in Malawi. Companies in Malawi seldom update their websites and post new information for their stakeholders to use. It was noted that there are no frequent interim financial statements presented by corporations using their websites. This therefore means that corporations in Malawi are not achieving timeliness in the presentation of the financial reports to their stakeholders.

4.2 Conclusions

The research established that of the studied companies, 43 companies have websites while 7 do not have website. Of the 43 companies that have websites only 12 (24%) companies present their financial reports on their websites while 31 (62%) do not. The objective was to explore the impact of firm characteristics on the timeliness of corporate IFR. The study established that, firm size has a positive influence for corporations to present their financial reports using the web however the impact is not on the timeliness of the financial reports presented. The companies that have presented their financial reports are the companies that do have relatively higher total assets and total sales for the years presented. Of the 43 companies that had websites, those companies that were deemed the size to be relatively small or medium, most of them did not present their financial reports on their websites. However, it should be noted that despite these aspects having a positive impact on IFR, these aspects failed to have a positive impact on the timeliness of the corporate IFR.

Regarding the firm's financial position, the researchers concluded that it has a positive influence on corporate financial reporting. Despite having two companies that sustained losses in the year under study and still reported. It was noted that the companies generally are doing well at profitability.

4.3 Recommendations

The research findings allow the researchers to make the following recommendations to improve corporate IFR.

- About the web presence (content and quality), the researchers concluded that companies are not fully taking advantage of the technology to maximize the use of their websites. This includes having dynamic presentation of the financial information which will allow the users to further process the information by doing subsequent analysis and comparison. Thus, the researchers recommend that companies must deliberately maximize the use of their website in presenting financial reports.
- Companies must deliberately and timeously put information for investors as this may have an impact on their cost of capital.

ETHICAL APPROVAL

This research was conducted in a professional ethical manner and some of the ethical issues that were considered are listed below.

- Anonymity: Anonymity involves not disclosing the identity of the used population relating it to their information. Thus, the companies that were used in this paper, anonymity was maintained.
- Avoidance or risk and harm: professionalism was maintained considering the conclusions drawn about each company and anonymity was held in high regard to avoid any risk or harm that could fall due to the company because of the research process.
- There was no deception used during data collection and analysis.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES

1. Khan MNAA, Ismail NA, Zakuan N. Benefits of internet financial reporting in developing countries: Evidence from Malaysia. African Journal of Business Management. 2013;7(9):719−726.
2. Kuruppu N, Oyelere P. Internet financial reporting and disclosure practices of publicly traded corporations. Accounting and Taxation. 2015;7(1):75-91.
3. Alam Z, Rashid K. Corporate financial reporting on the internet: A survey of websites of listed companies in Pakistan. The IUP Journal of Corporate Governance. 2014;13(3):17–40.
4. Al-Ajmi J. Audit and reporting delays: Evidence from an emerging market. Advances in Accounting. 2008;24(2):217-226.
5. Lipunga AM. Internet financial reporting in Malawi. International Journal of Business and Management. 2014;9(6): 161-172.
6. Umoren AO, Asogwa IE. Internet financial reporting and company characteristics: A

case of quoted companies in Nigeria. Research Journal of Finance and Accounting. 2013;4(12):72-80.

7. Damaso G, Lourenco IC. Internet financial reporting: Environmental impact companies and other determinants. Proceedings of the 8th International Conference on Enterprise Systems, Accounting and Logistics, Thassos Island. 2011;11-12:331-359.
   Available:www.icesal.org/2011%20PROCEEDINGS/docs/P21.pdf
8. Agyei-Mensah BK. Corporate financial reporting: Firm characteristics and the use of internet as a medium of communication by listed firms in Ghana. African Journal of Business Management. 2012;6(6):2299-2309.
9. Alsaeed K. The association between firm-specific characteristics and disclosure: The case of Saudi Arabia. Managerial Auditing Journal. 2006;21(5):476-496.
10. Kieso DE, Weygandt J, Warfield TD. Intermediate Accounting. UK: John Willey and Sons; 2012.
11. Kamalluarifin WFSW. The influence of corporate governance and firm characteristics on the timeliness of corporate internet reporting by top 95 companies in Malaysia. Procedia Economics and Finance. 2016;35:156-165.
12. McGee RW, Yuan X. Corporate governance and the timeliness of financial reporting: An emprirical study of the peoples republic of China. International Journal of Business, Accounting and Finance. 2009;3(1):19 -27.
13. Aly D, Simon J, Hussainey K. Determinants of corporate internet reporting: Evidence from Egypt. Managerial Auditing Journal. 2010;25(2): 182–202.
    DOI:10.1108/02686901011008972
14. Basuony MaK, Mohamed EKa. Determinants of internet financial disclosure in GCC Countries. Asian Journal of Finance and Accounting. 2014; 6(1):70.
    DOI:10.5296/ajfa.v6i1.5085
15. Bozcuk AE. Internet financial reporting: Turkish companies adapt to change. Managerial Finance. 2012;38(8):786–800.
    DOI:10.1108/03074351211239405
16. Ezat A, El-Masry A. The impact of corporate governance on the timeliness of corporate internet reporting by Egyptian listed companies. Managerial finance; 2008.
17. Almilia LS. Determining factors of internet financial reporting in Indonesia. Accounting and Taxation. 2009;1(1):87–99.
18. Boubaker S, Lakhal F, Nekhili M. The determinants of web-based corporate reporting in France. Managerial Auditing Journal. 2012;27(2):126–155.
19. Alali F, Romero S. The use of the Internet for corporate reporting in the Mercosur (Southern common market): The Argentina case. Advances in Accounting. 2012; 28(1):157–167.
    DOI:10.1016/j.adiac.2012.03.009
20. Uyar A. Determinants of corporate reporting on the internet: An analysis of companies listed on the Istanbul Stock Exchange (ISE). Managerial Auditing Journal. 2012;27(1):87–104.
    DOI:10.1108/02686901211186117
21. Singhvi SS, Desai HB. An empirical analysis of the quality of corporate financial disclosure. The Accounting Review. 1971;46(1):129-138.
22. Yassin MM. The determinants of internet financial reporting in Jordan: Financial versus corporate governance. International Journal of Business Information Systems. 2017;25(4):526-556.
23. Creswell JW. Research design: Qualitative, quantitative and mixed methods approach (3 rd. ed.). Thousand Oaks, California: Sage Publications; 2009.
24. Saunders M, Lewsi P, Thornhill A. Research methods for business students (5 th ed.). England, Essex: Pearson Education Limited; 2009.
25. Salawu MK. The extent and forms of voluntary disclosure of financial information on internet in Nigeria: An exploratory study. International Journal of Financial
    Research. 2013;4(1):110–119.
    Available:http://dx.doi.org/10.5430/ijfr.v4n1p110
26. Pervan I. Financial reporting on the internet and the practice of croatian join stock companies quotes on the stock exchanges. Financial Theory and Practice. 2005;29(2):159–174.
    Available:http://hrcak.srce.hr/file/9236

27. Budisusetyo S, Almilia LS. The practice of financial disclosure on corporate website: Case study in Indonesia; 2008. Available at SSRN 1219451.

28. Çalişkan AÖ, Güler H. Corporate reporting on the internet : An investigation on turkish listed companies internette kurumsal raporlama : Türkiye. 2013;251–274.

© 2023 Ndhlovu and Muzira; This is an Open Access article distributed under the terms of the Creative Commons Attribution License (http://creativecommons.org/licenses/by/4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Peer-review history:
The peer review history for this paper can be accessed here:
https://www.sdiarticle5.com/review-history/104690