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The Influence of Corporate Governance on Internet Financial Reporting in Malawi

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Abstract*:* The study sought to establish the influence of corporate governance on internet financial reporting in Malawi using the cross-sectional time horizon design. Sixteen companies listed under the Malawi Stock Exchange and forty registered limited companies that were operational but not on the Malawi Stock Exchange with a minimum of total assets of MWK 300,000,000.00 constituted the population. The sample was limited to 50 companies of which 43 had their financial reports available on the internet, which was the source of data. Content validity was achieved through consultation with experts in the field of accounting and financial reporting. Data was analyzed through multiple regression analysis using the SPSS Software. The study established that corporate governance mechanisms did not influence the timeliness of corporate Internet Financial Reporting. However, ownership structure positively influenced the corporation to engage in the Internet Financial Reporting. Furthermore, decision usefulness positively influenced the corporations to engage in the Internet Financial Reporting. Therefore, for the companies to engage in internet financial reporting, there is a need to ensure that decision usefulness is maximized. Furthermore, there is a need to ensure a maximized ownership structure for the organizations to keep engaging in the Internet Financial Reporting.

Keywords: Corporate governance; timeliness; Board of Directors; corporate internet financial reporting.

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Introduction

Corporate governance is defined as, "the system by which business corporations are directed and controlled. It specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders" (Cadbury, 1992). It provides rules and procedures for decision making on corporate affairs and gives the structure for setting of objectives and implementing those objectives as well as performance monitoring and evaluation (OECD April 1999). Rezaei and Jalilmehr (2012) state that, corporate governance "is more a matter of guidance rather than control" (p. 867) and thus can enhance financial reporting quality. If corporate governance can enhance financial reporting, can its mechanisms also have a positive impact on the timeliness of internet financial reporting?

Advanced technology and globalization have led to an increase in internet financial reporting (IFR) and corporate governance studies as businesses interact with other global economies (Sanad & Al-Sartawi 2016). Corporate governance is of importance in the corporate world because of the many scandals that have been and are taking place in the corporate markets (Klai & Omri 2011; Sanad & Al-Sartawi 2016). Sanad and Al-Sartawi (2016) further state that demand for acquiring timely and transparent information led to the introduction of corporate governance regulations so as to enhance responsibility and accountability of firms.

Studies have been conducted on corporate governance and internet financial reporting. A study by Yassin (2017) looked at how internet has become a widely used channel to disseminate financial information by Jordanian listed companies in response to the cross-listing agreement among the Amman Stock Exchange (ASE), Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM). The analysis determined that firms have a separation between chairperson and CEO positions, with larger board size numbers and with fewer independent non-executive directors, they are more likely to engage in the IFR. The study concluded that corporate governance factors predict the IFR together with its components, content and format more accurately than the firms' financial factors.

Another study by Kamalluarifin (2016) mentions that internet financial reporting is a fundamental way for the companies to market to stakeholders not only in terms of marketing products but also in their financial performance. Furthermore, that internet financial rooting can be the most sophisticated medium for communicating information that will satisfy the requirements of stakeholders and increase the ability to provide information to investors at anytime and anyplace. The author further states that, corporate governance plays a role in influencing internet financial reporting behavior.

The study of Daoud et al. (2015) established that timeliness of financial reports have been acknowledged as one of the qualitative characteristics of the basic objective of financial reports. This study explored how board independence, board size, CEO duality, board diligence, board financial expertise and presence of audit committee as well as the type of sector influence the timeliness of financial reports among selected Jordanian companies (112 firms listed on the Amman Stock Exchange for the years 2011 and 2012). The audit report lag model results of the study showed that companies that had independent members in the board take significantly shorter time to prepare and issue financial reports. Also the results indicated that companies with a larger number of board of directors are related to higher audit report lag. In addition, the results showed that companies that do not have role duality are faster in publishing financial reports as compared to those practicing role duality. Another finding of the study is that, a board of directors with more meetings reduces the audit report lag. Thus the findings of the study support the notion that audit committee existence can help resolve information asymmetry between external auditors and management thus having a reduced audit report lags effect. On the other hand, the management report lag model results showed that management report lag is related positively with large board size and board diligence and negatively with the existence of audit committee. The study concludes that a good structure of corporate governance plays a key role in improving the quality of timeliness of financial reports.

A study by Parlakkaya et al (2015) noted that internet financial reporting and corporate governance issues are currently in focus in the academic and professional circles and this may be alluded to their importance by the stakeholders. Thus the study's main purpose was to examine the effect of corporate governance on the voluntary efforts of internet financial reporting. Their study results would help reveal the relationship that exists between internet financial reporting and some indicators of corporate governance (ratio of managerial ownership, block holder ownership, number of independent members in the board of directors, frequency of meetings by audit committee and education level of audit committee members). Data was collected from a total of 31 corporations that are included on the Corporate Governance Index of Borsa Istanbul and listed in Borsa Istanbul BIST 100 index. The study concluded that corporate governance is not only important for business performance but also relevant in firm's transparency and disclosure policies, which will improve the understanding of the firm's structure, activities and its future prospects.

A study by Botti et al. (2014) sought to shed some light on the role of boards of directors in improving internet financial reporting quality. The study was performed using the CAC40 company index of December 2007 on 32 French firms. The study was influenced by the need to avoid information asymmetry between firm insiders and outsiders. This need has been emphasized as investors press for more company disclosure especially with increasing use of the interne. The study showed that 28% of the sampled firms had board of directors that seemed to be effectively monitoring the top executives of the firms. This monitoring had a positive effect of improving disclosure decisions and thus increased the IFR level. However, 46.9% of the total population under study showed that the firms were below the efficiency level which meant that the board of directors failed to effectively monitor the top executives. This then resulted in failure to improve the disclosure policy decisions which then led to lower levels of internet financial reporting quality.

Despite the observation that previous research shows that there are mixed results pertaining to the influence of corporate governance on the timelines and quality of internet financial reporting, it can be noted that most papers presented the importance of corporate governance in relation to internet financial reporting. Thus this influenced this study to look at the mechanisms of corporate governance and how they impact of the timeliness of corporate internet financial reporting in an African country (Malawi).

Corporate internet financial report is a concept that seeks to report financial information that is comprehensive in a timely manner to all the interested parties of the company through the use of the company website in uploading company reports. The world today is more interested in getting more information about the operations of the company such as environmental, health and safety issues that concerns the organization, and real-time share prices as opposed to just receiving financial statements. This puts traditional ways of reporting away and gives companies the edge to want to use the new ways of reporting that technology offers such as just uploading the reports on the company website where people can view and review them from wherever they are rather than printing them and waiting for the board to meet and review the statements. As has been noted, value of financial information reduces as time lag increases, and this has an effect on making annual or quarterly financial reports shortened to an effective real-time reporting (Ezat & El-Masry 2008).

Information contained in financial reports must be available within a short time period; otherwise if the period increases that information loses its economic value (Al-Ajmi 2008). Internet offers companies new opportunities to supplement, replace and enhance traditional ways of investor and stakeholder communication (Marston & Polei, 2004), thus it has become an indispensable communication tool for organizations (Capriotti & Moreno, 2007).

The area of internet financial reporting has become an issue on the academic world as well as the corporate world (Yap et al., 2011). However, most studies on the impact of corporate governance on corporate financial reporting and its different aspects including internet financial reporting have been done outside Africa (Bujaki & McConomy, 2002; Ezat & El-Masry, 2008; Habib & Azim, 2008; Kelton & Yang, 2008; Akhtaruddin, 2009; McGee & Yuan, 2009; Myring & Shortridge, 2010; Klai & Omri, 2011; Yap et al., 2011; Norwani et al., 2011; Rezaei & Jalilmehr, 2012; Fiador, 2013; Fathi, 2013; Al-Sufy et al., 2013; Botti et al., 2014; Ibadin & Dabor, 2015; Daoud et al., 2015; Parlakkaya et al., 2015; Sanad & Al-Sartawu, 2016; Kamalluarifin, 2016). This study has been done in Malawi, an African country and will add to African literature on the subject of corporate governance and corporate internet financial reporting.

This study sought to find out if corporate governance influences the timeliness of corporate internet financial reporting.

Legitimacy Theory

Suchman (1995, p. 574) defines legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions.” The legitimacy theory provides a view that the interrelationship between an organization and the related social expectations is simply a fact of social life (Che-Ahmad et al. 2015). The theory states that organizations seek to operate within parameters that are acceptable in the society. Mobus (2015) argued that different forms of legitimacy pertain to different external audiences. Furthermore, Schipper (1991) posits that legitimacy theory suggests that big firms must satisfy the social expectations of large range of stakeholders; therefore, they need to produce more information. The legitimacy theory incorporates the idea of behavior change because what can be considered as acceptable today in a society may change overtime and the firm must be prepared for variations in the environment but taking ethical issues into account (Jerry et al. 2015). Good corporate governance includes accountability, disclosure and transparency, hence organizations that produce timely reports would be considered to be transparent by its stakeholders and the society. Seeking for legitimacy could then influence organizations to adopt internet financial reporting as a way of legitimizing their operations as transparent, effective and efficient.

Timeliness in Financial Reporting

McGee and Yuan (2009: 19), state that, "shareholders and stakeholders need information while it is still fresh and the more time passes between year-end and disclosure, the more stale the information becomes and the less value it has." Timeliness has also been identified as an attribute of transparency. Usefulness of accounting information depends on the timeliness of financial information to stakeholders. Information must therefore be timely to make it relevant but at the same time it should not lose its reliability.

Thus, companies have a mandate to timely provide financial reports to stakeholders so as to enable them make timely decisions and this can be achieved through the use of internet company websites (Kamalluarifin 2016). With the help of technology advancement, companies are able not only to market themselves or their products to their prospective customers, but can also provide financial reports to their prospective and current investors on a timely basis using the internet (Waweru & Riro, 2013).

Corporate Governance and Timeliness

Corporate governance is how businesses are directed and controlled (Cadbury, 1992). It stipulates how rights and responsibilities are shared among the board members, managers, shareholders and other stakeholders. It spells out the rules and procedures for decision making on corporate affairs as well as the structure for setting company objectives, ways of attaining those objectives and performance monitoring (OECD April, 1999). From this definition, Rezaei and Jalilmehr (2012) state that corporate governance is more a matter of guidance rather than control. This shows that corporate governance helps guide operations of an organization as a whole and this would enhance the organizational performance.

The value of a firm can be created or destroyed by how good its corporate governance is. It is a tool that can be very useful in a firm depending on how the system has been structured. That is, the value of a firm is enhanced by its corporate governance if it enhances proper distribution of scarce resources so as to enable effective and efficient operating levels. Waweru and Riro (2013) mention that good corporate governance influences a positive relationships which when guided by accountability among the key corporate participants will result in enhanced corporate performance. When the corporate performance has been enhanced, then the value of the corporate will increase. Therefore, corporate governance has the duty to enhance the firm's value.

Theoretical and empirical studies have suggested that ownership structure may affect financial reporting quality. Ownership structure can be studied in different aspects and these include: foreign members, family members, block holders and state ownership. Research has produced mixed results pertaining to block holders' ownership. Some studies have shown that block holder ownership helps to curb discretionary behaviors by managers, thus reducing earnings management leading to disclosure of relevant and reliable financial information (Klai & Omri, 2011). Some researchers noted that companies with dispersion of ownership tend to disclose more information on their websites as compared to companies with concentrated ownership in a bid to supply their shareholders with the necessary information (Ezat & El-Masry, 2008).

Klai and Omri (2011) add to this point that concentrated ownership has an effect of reducing the relevance of financial information. Suggestions have been made that companies with widely held ownership (diffuse ownership) are more likely to disclose financial information using their web sites so as to keep their shareholders well informed (Bozcuk, 2012). It is also noted that the degree of financial reporting on the internet increases with ownership dispersion (Boubaker et al., 2012).

Since corporate governance is a concept that has many aspects under it, this paper will look at board of directors' characteristics (board size, board composition and role duality). These mechanisms will be looked at to determine their individual impact as well as their combined impact on the timeliness of internet financial reporting. Corporate governance is an important issue currently in the corporate world because of the many scandals that have been and are taking place in the corporate markets. Many countries around the world have introduced codes of practice for corporates to follow in a bid to try and reduce the scandals and provide supervision and control for corporations. Corporate governance regulations are being introduced so as to enhance responsibility of firms. The introduction of corporate governance is believed to enhance financial reporting quality since proper guidance will be provided. If corporate governance can enhance financial reporting, can its mechanisms also have a positive impact on the timeliness of financial reporting?

Board Size and Internet Financial Reporting

The board of directors which is composed of top level internal executives and non-executive external members carry out the role of ratifying and monitoring the managerial decisions (Ibadin & Dabor, 2015). Much research has been done for board size and most of the results show that there is a strong positive relationship between board size and financial reporting. Mixed results have been recorded as to the board size that is appropriate to influence good corporate financial reporting. Some studies suggest that large board size improves performance and reporting financial aspects of firms because of the diversity contained in the board. Ezat and El-Masry (2008) found out that larger board size is positively associated with corporate internet reporting timeliness.

Other studies state that smaller boards are the ones that provide effective managerial oversight because of lower coordination costs, better exchange of ideas, all members being participative and thus resulting in better quality information to outside investors (Bushman et al., 2004; Vafeas, 2000, Lipton & Lorsch, 1992; Jensen, 1993; Botti et al., 2014). This could be explained by group dynamics on task efficiency where smaller groups tend to perform better on a given task than large groups. Smaller boards are also believed to have higher market valuation (Yermack, as cited in Habib & Azim, 2008). Previous researchers agree that board size has a positive association with financial reporting but do not agree on the type of the board size. This led to a conclusion that board size type should not be an issue, but rather each organization must have a board size that meets the peculiarities of the company (Ibadin & Dabor, 2015).

Board Composition and Internet Financial Reporting

Another aspect under board of directors is board composition. Chen and Rezaee (2012) state that, boards with a majority of independent directors are more effective and thus result in better financial reporting. Furthermore, the effectiveness of board of directors is related to its composition as boards are more independent when the non-executive directors are more than the internal directors (Afify, 2009). That is, inclusion of more members from outside the firm has an effect on reduction of financial fraud and financial reporting issues.

Akhtaruddin et al. (2009) mentioned that corporate governance effectiveness in reducing the agency cost significantly depends on the board of directors' composition. Other researchers have found that having more non-executive directors positively impacts on comprehensiveness of financial disclosures (Klai & Omri, 2011). If a board has more members from outside the company, the board is believed to be independent and thus improving the quality of financial reporting. Managerial opportunistic behavior can be reduced by an independent board and which can also help reduce information asymmetry, thus solving the agency problem (Botti et al., 2014). This point is also supported by Daoud et al. (2015) who stated that effective governance can be a way of reducing the agency conflict. Agency conflict can be reduced through better corporate reporting.

Studies by Gul and Leung (2004 as cited in Kamalluarifin, 2016) showed that there is a negative relationship between board independence and voluntary disclosures. Research by Kamalluarifin (2016) also found out that there is a significant negative relationship between board independence and timeliness of corporate internet financial reporting. Furthermore, studies by Ezat and El-Masry (2008) and Abdelsalam and ElMasry (2008) showed that there is a positive significant relationship between board independence and corporate internet financial reporting.

Role Duality and Internet Financial Reporting

Having a good board size and an independent board has been deemed not enough by most researchers who have attributed to the fact that role duality is another important aspect that can cause board of directors fail to function effectively.

Role duality (CEO duality) is a situation whereby the CEO and the Chairperson of the board is the same person (Ebrahim & Fattah, 2015; Ezat & El-Marsy, 2008). Shareholders, lawmakers and regulators would prefer to have separated roles of CEO and Chairperson as a guarantee to the board about effectiveness of corporate governance and independence (Daoud et al, 2015). Most researchers have spoken against this practice and have pointed out problems that come with the practice including low quality reports. The problem with role duality is that it gives too much power to one individual and this may negatively affect board effectiveness (Ebrahim & Fattah, 2015). Klai and Omri (2011) mention that there is a need to separate the CEO position and the board chairperson so as to guarantee the board independence and enhance firm transparency. Thus researchers suggest that the board must select one member out of the independent directors to hold the position of chairperson of the board (Daoud et al, 2015). Daoud et al. (2015) further found out that CEO duality is significantly related to timeliness of financial reports. Kamalluarifin's (2016) study showed that there is no relationship between role duality and timeliness of corporate internet financial reporting. Ezat and El-Masry (2008) found no support for the relationship between role duality and timeliness of corporate internet financial reporting. Role duality could negatively influence IFR since having the CEO chairing the board of directors would reduce the independence of the boards as the CEO can manipulate the board's decisions

Methodology

Research Design

This study took a post-positivist philosophy and a cross-sectional time horizon design was adopted. Post-positivist was used because it has the elements of being reductionist, logical with an emphasis on empirical data collection, cause and effect and deterministic based on theories (Creswell, 2009). Deductive approach was used due to causal relationships between the variables being investigated. The instrument for data collection was an IFR index that the researchers completed using content analysis of the downloaded reports from the company websites. The data collected was then used to suggest possible reasons for particular relationships between variables and to produce models of these relationships.

Population and Sampling

Sixteen companies listed under the Malawi Stock Exchange and forty registered limited companies that are operational in Malawi but not on the Malawi Stock Exchange with a minimum of total assets of MWK 300,000,000.00 constituted the population for this study. Thus companies that had a value of total assets below the stated amount were dropped from the population. The reason for such selection was to eliminate companies that were just beginning and also those that did not attract many stakeholders. The sample of this study consisted of 50 companies from a population of 55 companies. Based on the Krejcie and Morgan's (1970) table for sample size, a population of 55 needs a sample of 48, hence making the study sample on 50 was adequate to represent the population under study. Of the 50 sampled companies, only 43 had their financial reports available on the internet.

Instruments

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 an assign weight based on Likert scale of 1 and 0. The instrument was adapted from Lipunga (2014). The IFR index comprised of statements that were measured against the annual reports of companies. The survey instrument had statements that are divided according to the variables. Data was analyzed using SPSS Statistical package.

Validity and Reliability

Content validity measures the extent to which the items in the instrument measure the content they intend to measure (Creswell, 2009). 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.

Statistical Treatment of Data

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

Ethical Considerations

To meet ethical standards, completed IFR index was kept safe. Anonymity and confidentiality were ensured in that no name of respondent was exposed. Turnitin was used for plagiarism check and researchers corrected unintentional plagiarism.

Academic integrity was maintained by referencing all citations to avoid plagiarism.

Findings

The measures that were included under corporate governance are board composition, board size and role duality so as find their impact on timeliness of corporate internet financial reporting.

Research Question 1: Do two variables (board composition and role duality) combined significantly influence the timeliness of corporate internet financial reporting?

According to Table 1, the Sig is above 0.05 which means that the null hypothesis which states that two variables (board composition and role duality) combined do not influence the timeliness of corporate internet financial reporting, is accepted

Table 1: ANOVA IFR and Role Duality and Board Composition

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.651	2	.325	1.626	.209[b]
	Residual	8.001	40	.200		
	Total	8.651	42			

Dependent Variable: Internet Financial Reporting
Predictors: (Constant), Role Duality, Board Composition

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.274[a]	.075	.029	.447

a. Predictors: (Constant), Role Duality, Board Composition

Table 3: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.102	.149		.686	.497
	Board Composition	.262	.156	.262	1.678	.101
	Role Duality	-.038	.150	-.040	-.253	.801

a. Dependent Variable: Internet Financial Reporting

Therefore, corporate governance does not have any impact on the timeliness of corporate internet financial reporting. This is contrary to a study by Sanad and Al-Sartawi (2016) which showed that a weak relationship existed between corporate governance and IFR and a study by Ezat and El-Masry (2008) which revealed a significant relationship between the variables.

Regression analysis in table 3 shows that both role duality and board mechanism have the p-value of above 0.05 which is interpreted to mean that the null hypothesis is accepted. Therefore, corporate governance does not have any impact on the timeliness of corporate internet financial reporting. The finding is contrary to study findings of Sanad and Al-Sartawi (2016) which revealed a significant yet weak relationship between corporate governance and IFR. It is also contrary to study findings by Ezat and El-Masry (2008) which indicated a strong significant and positive relationship between the two variables. Likewise, a range of study findings by Chen and Rezaee (2012), Ezat and El-Masry (2008) and Abdelsalam and ElMasry (2008) revealed positive significant relationships between board independence and corporate internet financial reporting. Therefore, the findings in Malawi are so unique compared to findings of similar studies from other countries.

Research Question 2: Does ownership structure significantly influence the timeliness of corporate internet financial reporting?

Ownership structure in this study refers to either closely held ownership or widely held ownership (diffuse ownership). That is, either there is concentration of ownership or dispersion on ownership. Haniffa and Cooke (2002) states that concentration of ownership refers to a group with the most influence among the equity owners, meaning that the group owns more than 50% of the shares and has controlling effect while dispersion (diffusion) of ownership is where no single investor owns stock that makes them have significant influence or gain control of the company.

Table 4: ANOVA Ownership Structure

Model		Sum of Squares	Df	Mean Square	F	Sig.
Regression		5.020	5	1.004	10.230	.000[b]
1	Residual	3.631	37	.098		
Total		8.651	42			

Dependent Variable: IFR
Predictors: (Constant), AGM inform, Corporate Information, Directors Information, Share Inform, Top stockholders

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762[a]	.580	.524	.313

Table 6: 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			

Dependent Variable: IFR
Predictors: (Constant), Frequency of Unaudited, Existence, Updated Press Release, Disclaimer

In table 4, the p-value of .000 shows that ownership structure positively influences the corporation to engage in internet financial reporting. This is in agreement with the study of Shiri et al. (2016) which reported that ownership structure positively influences disclosure quality including reliability and timeliness. Likewise, the study by Yap and Saleh (2011) found that dispersed (widely-held) ownership positively influenced IFR. However, the authors highlighted that generalizing these results would not be possible because of the unique cultural influence in Malaysia. Finally, Bozcuk's (2012) study showed that companies with widely held ownership (diffuse ownership) are more likely to disclose financial information using their websites to keep their shareholders well informed.

The adjusted coefficient of determination is at 0.524 (R^2 = 0.580) meaning that independent variables explained 58 per cent of the variance of the dependent variable – IFR.

Research Question 3: Does decision usefulness influence corporations engaging in internet financial reporting?

In table 6, the p-value of .000 shows that decision usefulness positively influences corporations engaging in internet financial reporting. Corporations benefit when reports are availed to shareholders timeously so that appropriate decisions are made in time. This would save companies from making uninformed decisions that can be costly to the organizations. In Malawi, companies that used their websites to post unaudited statements and press releases increased usefulness of these reports. This agrees with McGee and Yuan (2009) who stated that the value of the usefulness of annual reports declines with the increase in time lag. Ashbaugh et al. (1999) also found that companies that engage in internet financial reporting provide the consumers with more timely financial information and can reach the broader audience than those that provide traditional paper-based reporting. Internet financial reporting therefore enhances timely reporting as the users can access the reports as soon as they are posted on the company website.

Table 8: Model Summary

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

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. The adjusted coefficient of determination is at 0.352 (R^2 = 0.413) meaning that independent variables explained 41.3 per cent of the variance of the dependent variable – IFR.

Conclusions and Recommendations

The study concludes that corporate governance mechanisms did not influence the timeliness of corporate Internet Financial Reporting. However, ownership structure positively influenced the corporation to engage in the Internet Financial Reporting. The more the ownership structure, the better the chances for the corporations to engage in the Internet Financial Reporting. Therefore, there is a need to ensure a maximized ownership structure for the organizations to keep engaging in the Internet Financial Reporting. Finally, decision usefulness positively influenced the corporations to engage in the Internet Financial Reporting. The more the decision usefulness, the more the chances for organizations to engage in internet financial reporting. Therefore, for companies to engage in internet financial reporting, there is a need to ensure that decision usefulness is maximized.

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