FACTORS INFLUENCING INTERNET FINANCIAL REPORTING AMONG NON-FINANCIAL LISTED FIRMS IN NIGERIA

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Abstract: *This study investigates the factors influencing internet financial reporting among non-financial listed firms in Nigeria, considering factors such as firm size, profitability, and auditor reputation. The study population consists of one hundred and twelve (112) non-financial listed firms of which purposive sampling technique was used to select fifty (50) firms having adequate information needed for the study in their annual report from 2012 – 2018. The study utilised multiple regression analysis to investigate the influence of firm size, profitability, and auditor reputation on internet financial reporting. It was found that firm size positively influences internet financial reporting, while profitability and auditor reputation have a positively significant influence on internet financial reporting. Therefore, the study recommends that policymakers endeavour to ensure that the listed firms provide their financial report for easy access to users on the websites.*

Keywords: *internet financial reporting, firm size, profitability, auditor reputation*.
JEL Classification: G32, M42.

1. Introduction

The previous economic crisis has demonstrated that various sectors of the information revealed are inadequate, and that information asymmetry issues are very high. Bear Stearns and Lehman Brothers' bankruptcy has been due to a lack of proper financial reporting (Grougiou, Leventis, Dedouslis and Owusu-Ansah, 2014). The conflict of interest may emerge when managers use their control over accounting gains to achieve secrecy at shareholders' expense. This opportunity helps managers to manipulate profits more easily. These can adversely impact the credibility and accuracy of the company's financial reporting (Lambert, 2001).

Additional information on the capital markets is given on the websites of companies. In contrast with institutional investors, it is critical for private investors. In the context of Nigeria, few evidence have been gathered regarding the voluntary utilisation of internet by firms in emerging countries like Nigeria to publish its financial statement. This study examines the factors influencing the degree of financial information disclosure on the internet. It worthy to note that the level of financial information published on the websites of companies and the internet are influenced by varying factors such as firm size, profitability, auditor reputation and so on (Jimoh and Okoye, 2016).

Additionally, problems and difficulties related to IFR include possible errors in the retrieval or re-keying process that may impact the efficiency and credibility of financial reports; generally accepted accounting practice (GAAP) IFR implications; use of company websites for several different reasons that may make it difficult to discover financial statements; and acceptance of internet financial information as an alternative.

In the internet financial reporting context, the biggest problem is to guarantee the confidentiality and credibility of financial reports reported on company websites. In addition to potential mistakes in the publication process, web-based documents are vulnerable to all types of security threats. Financial information can, after publication, be changed by parties outside and inside the organisation, whether knowingly or unknowingly. There is a significant possibility that financial information users relying on misleading financial information obtained from company websites will make important decisions. The degree to which these concerns are addressed can decide the long-term use of the internet to publicise financial information of corporate bodies.

Therefore, in recent years, the researchers focused on corporate reporting on websites. Moreover, there is a minimal emphasis on Internet Financial Reporting in emerging countries (Hamid, 2005), making it very important to concentrate on emerging countries. This research's primary motivator is the inadequacy of a scientific investigation on corporate internet reporting in Nigeria. Similarly, in developing markets, the improvement in market value companies can generate by strengthening its corporate governance policies is even more significant. In Garay, González, Guzmán and Trujillo (2013), the utilisation of the internet to communicate corporate governance information is increasingly relevant throughout the 21st century. Thus companies can improve their market value by enhancing the consistency and quality of the information they reveal (Patel, Balic and Bwakira, 2002).

It is important to evaluate the factors impacting financial reporting on the internet among non-financial listed companies in Nigeria. Given that Nigeria needs foreign funding to retain its fast growth rate and the agency's key issue is that the majority of owners are asymmetrically informed and expropriated, companies need to be transparent. Hence, this study examines the factors influencing internet financial reporting among non-financial listed companies in Nigeria.

2. Literature Review

2.1 Factors Influencing Internet financial Reporting

In the formation process of the internet financial reporting (IFR), research was analytical and it examined the extend to which it was implemented (Ettredge, Richardson, & Scholz, 2001). The investigation has also gained an understanding of both the motivation and features of firms that implement financial reporting on the internet (Debreceny, Gray, and Rahman, 2002; Ettredge, Richardson, and Scholz, 2002). Internet Financial Reporting is voluntary corporate disclosure standards (Oyelere, Laswad and Fisher, 2003). In a study by Debreceny et al. (2002), internet financial reporting was described as the extent to which company financial reports and results are disseminated through the World Wide Web. Other researchers were more stringent in their definition of internet financial reporting as providing financial information on company websites (Pinto and Ng Picoto, 2016).

Like voluntary disclosures, firms have strongly supported internet financial reporting to minimise asymmetry in information (Debreceny et al., 2002). The disclosure of financial information over the internet provides some benefits over conventional paper-based disclosures (Rahman and Debreceny, 2014). Although studies have documented the advantages and implications of reporting financial information on the internet. Full implementation of online financial reporting could be a disadvantage to those who do not have access or Internet skills (McCafferty, 1995). Notwithstanding potential publishing errors, there is a clear indication that data may be manipulated internally or externally, which may bring about abnormality if investors depend on it for their decision making (Miniaoui and Oyelere, 2013).

Firm size and Internet Financial Reporting

According to Debreceny and Rahman (2005), the author gathered that there exist a positive relationship between the firm size and the degree of internet financial reporting. Varying studies have also demonstrated that firm size have positively significant influence on the levels of disclosure and quality of publicizing corporate information through the website of the company (Bonson and Escobar, 2002; Elsayed, 2010; Al-Htaybat,2011; AbuGhazaleh, Qasim and Haddad,2012; Desoky and Mousa, 2013; Sharma, 2013). To fulfill the great demand for information, it is probable that larger firms utilise information

technologies to enhance financial reporting. Big companies are faster to implement an innovation, such as disclosure and IFR, as they have enough personnel and resources.

In other studies by Ettredge et al. (2002), Oyelere et al. (2003), and Alarussi et al. (2009) found that firm size statistically affects the internet financial reporting positively. In addition, Xiao et al. (2004) found that a significantly positive relationship between firm size and internet financial reporting because big firms typically have more present and potential investors than small firms and are therefore very active in releasing online financial information. In comparison, big firms gain numerous analysts attention than smaller firms, and therefore their performance informations are subject to greater demand (Hope, 2003). Furthermore, Aly *et al.* (2010) and Henchiri (2011) failed to found a significant relationship between firm size and internet financial reports. Alkhalaileh Al-Qenae and Abu Farha (2005) document that firm size does not influence companies' internet financial reporting.

Profitability and Internet Financial Reporting

Pirchegger and Wagenhofer (1999) found that a positive association exists between a company's profitability and financial information disclosure on the internet for Austrian firms. Also, in studies conducted by Ashbaugh, Johnstone and Warfield (1999); Ismail (2002); Debreceny and Rahman (2005), it was found that a significant relationship exists between profitability of the firm and financial report disclosures on the websites of companies.

Companies are encouraged to disclose more information and to signal the performance of the business to their stakeholders. The study carried out by Akbar and Daljono (2014), Jaya and Verawati (2015) reveal that a significant positive relationship exists between profitability and internet financial reporting. If earnings are low, management is likely to reveal fewer details to cover the causes for losses or reduced earnings. However, preliminary empirical evidence that documents a positive association between profitability and internet financial reporting were not supported in Japanese firms. Furthermore, Larra'n and Giner (2002), like other early studies, found no significant relationship between profitability and online financial disclosure.

Leverage and Internet Financial Reporting

Scholars such as Mitchell, Chia, and Loh (19950; Naser (1998) in their studies, opined that corporate leverage maintains a positive effect on levels of internet financial reporting voluntary disclosure.

A prior study conducted by Aqel (2014), which investigated the influence of leverage on internet financial reporting, found that a positive relationship exists between them. Also, Laswad et al. (2005) gathered that firms believe that internet financial reporting is a means of enhancing monitoring by creditors. Scholars such as Xiao et al. (2004), Al-Sakarneh (2011) and Miniaoui and Oyelere (2013) gathered mixed results and argued that leverage may influence internet financial reporting voluntary disclosure either positively or negatively. Furthermore, Hassink and Bozic (2006) found a negative and non-significant association. It was concluded that denying the effect of leverage on the level of internet financial reporting is difficult.

Auditor Reputation and Internet Financial Reporting

The previous study results stress the significance of the type of audit (Big 4 or Non-Big 4) only in deciding a firm's acceptance rate, not changes in levels of Internet financial reporting disclosure practices (Healy and Palepu, 2001). The outcome reveals that companies audited by the Big4 audit firms may influence top management decisions in the early adoption stages. However, they do not go forward to influence their levels of disclosure. Xiao et al. (2004) suggest that multinational audit firms propagate innovative technology. For example, price Waterhouse Coopers has built a method that makes it easy to compare the financial statements of numerous firms. The Big 4 audit firms are also associate

with Extensible Business Reporting Language (XBRL). They are much best placed to educate their clients on internet financial reporting.

Previous studies have shown mixed findings on the relationship between Big 4 audit firms' clients and the degree of internet financial reporting. Studies by Boubaker, Lakhal and Nekhili (2011) and Xiao et al. (2004) found a positive relationship between Big audit firms and the level of internet financial reporting disclosure. Companies audited by Big 4 audit firms have good potential to signal high-quality information to stakeholders. Bonson and Escobar (2006) and Boubaker et al. (2011) have argued that the audit type is closely related to internet financial reporting practices. However, results from other previous studies have failed to identify such a significant relationship between audit type and internet financial reporting (Joshi and Al-Madhahki, 2003; Aly et al., 2010).

2.2 Underpinning Theories

Disclosure of financial reporting on the internet is a subtle and nuanced phenomenon targeted at multiple stakeholder groups (Solmons 1986). It is also not wise to describe their practices in a single analytical way (Hope, 2003). For this study, agency, stakeholder theory, and the theory of information cost were discussed.

The relationship with the main agent is a relationship that assigns decision making to the agent. It falls out of the distinction between company management and ownership decision making from risk-bearing.

Jensen and Meckling (1976) stated that the separation of power between the owner and the manager would lead to a future conflict of interests because each party was subjected to optimise its benefits. This conflict will aggravate the problem, the so-called agency cost problem. Three common agency costs may arise due to the conflict of interest, which exists in the relationship between the manager and the owner of the company. These costs were identified as monitoring costs, bonding cost, and residual loss (Jensen and Meckling, 1976). In essence, the manager's performance is evaluated and compensated based on the additional information disclosed (Omar and Simon, 2011).

The agency theory indicates that because investors are comparatively away from business operations, they want to guarantee their interests are not susceptible to unethical expropriations by managers. Management is most likely to willingly take several measures, such as undertaking reviews and disclosures, to mitigate owners' problems. It is claimed that voluntary disclosure is a monitoring mechanism that seeks to shield shareholders from opportunist management actions (Henchiri, 2011; Nurunnabi and Hossain, 2012).

The Stakeholder theory also seeks to define the interaction between a company's management and all associated parties. It extends the common understanding of shareholder theories. The theory's emphasis is that an organisation is not solely responsible for shareholders but to all stakeholders at large to discharge the accountability of its functions. Solomon (2017) opined that new companies are so immense and have such an all-embracing influence on culture as a whole (Gray, Owen and Adams 1996).

In comparison, a voluntary disclosure may be considered as mitigation for mandated disclosure shortcomings. An overview of costs and benefits is always undertaken before any more details are disclosed. Managers prefer to disseminate additional information freely where the rewards of the information released outweigh their risks. Xiao, Dyson and Powell (1996) contend that there is no agreed price system for information dissemination.

3. Methodology

The ex-post facto research design was employed for this study. This type of research design, otherwise known as after-the-event, is undertaken after the events and data are already in existence. The study population consists of One hundred and twelve (112)

non-financial firms listed on the Nigerian Stock Exchange. The sampling technique used in this study is purposive sampling technique out of all One hundred and twelve (112) listed non-financial firms, the study selected Fifty (50) firms having adequate information (annual reports) needed from the Nigerian Stock Exchange with available data from 2012 to 2018. Table 1 describes the number of non-financial listed firms by sectors.

The study used different statistical tests to examine the hypothesised relationship, including descriptive statistics. Assumption tests were conducted to provide insight into the normality and heteroscedasticity of data. Furthermore, correlation analysis was used to examine the relationship between the variables while a multicollinearity test was conducted to investigate whether independent variables are linearly related.

Finally, to examine the effect of firm size, profitability, and external auditor reputation on internet financial reporting among non-financial listed firms on the Nigerian Stock Exchange, Ordinary Least Square (OLS) regression analysis was utilised. The data were analysed with the aid of STATA version 14. Table 2 shows the measurements of variables and their sources.

Table 1. Number Non-financial Listed firm by Sectors

Sectors	Number
Agriculture	5
Conglomerates	5
Construction/Real Estate	9
Consumer Goods	20
Healthcare	10
ICT	9
Industrial Goods	13
Natural Resources	4
Oil and Gas	12
Services	25
TOTAL	112

Table 2. Measurement of Variables

S/N	Variables	Definition	Type	Measurement	Source
1	IFR	Internet Financial Reporting	Dependent	measures internet financial disclosure using dummy variables where is 1 for those disclosing financial information online and 0 for those not doing so.	Sanad, Al-Sartawi and Musleh (2016)
2	FMS	Firm Size	Independent	Natural log of total assets of the firm	Braiotta (2000); Aly, Simon and Hussainey (2010)
3	PROF	Profitability	Independent	ROE (net profit/equity)	Aly, Simon and Hussainey (2010); Mokhtar (2017); Mohamed and Dinesh (2016
4	AUDREP	Auditor Reputation	Independent	1 for companies that are audited by one of the Big4 audit firms; 0 otherwise	Aly, Simon and Hussainey (2010)
5	LEV	Leverage	Control	Total Assets divided by total equity	Hussainey (2010
6	CURRENT	Current	Control	Current Assets to current liabilities	Sanad, Al-Sartawi and Musleh (2016)

Source: Author's Compilation (2020)

4. Results and Discussion

This section presents with the analysis and interpretation of results obtained from data analysis.

Correlation Matrix of the Study

With the aid of the Pearson Correlation, Table 3 shows the direction of the relationship between dependent and independent variables. It shows a positive correlation between internet financial reporting quality (IFR) and Firm Size (FMSIZE) from the correlation coefficient of 0.1176. Therefore, it implies that firm size tends to determine or vary the internet financial reporting positively and proportionally. Hence, an increase in the firm size would increase the firms' internet financial reporting and vice-versa.

Furthermore, the result in Table 3 indicates a weak association between internet financial reporting and Profitability (ROE) from the correlation coefficient of 0.0526. The result implies that profitability is weakly but positively correlated with internet financial reporting among listed non-financial firms in Nigeria. The table also shows a positive correlation between internet financial reporting and Audit Reputation with a correlation coefficient of 0.2387. Similarly, the table shows a weak positive correlation between leverage and internet financial reporting, as shown by the correlation coefficient of 0.141.

Also, the correlation coefficient of 0.0394 reveals a weak positive correlation between internet financial reporting and leverage. The result implies that though the correlation is positive, it is weak. Also, indication a slight deviation from zero association to positivity.

It can also be deduced from Table 3 that Current, which was measured with the ratio of current assets to current liabilities, maintains a negative correlation with internet financial reporting. This implies that the direction of the relationship between internet financial reporting and Current is negative. Lastly, board size also maintains a weak positive correlation with internet financial reporting among listed non-financial firms in Nigeria. Implying that board size contributes few to the company publishing its annual report on the internet.

Table 3. Correlation Matrix of the Study

VARIABLES	**IFR**	**FMSIZE**	**PROF**	**AUDREP**	**LEV**	**CURRENT**	**BDSIZE**
IFR	1.0000						
FMSIZE	0.1176	1.0000					
PROF	0.0526	-0.0297	1.0000				
AUDREP	0.2387	0.2678	0.0827	1.0000			
LEV	0.0394	-0.0214	-0.1079	0.0219	1.0000		
CURRENT	-0.1060	-0.1600	-0.0143	-0.0597	0.0126	1.0000	
BDSIZE	0.0308	0.3291	-0.0657	0.1091	-0.0575	-0.0143	1.0000

Note: *IFR = Internet Financial Reporting, FMSIZE = Firm Size (Measure with Natural log of total Asset), PROF which is Profitability (Return on Equity), AUDREP = Auditor Reputation, LEV = Leverage, CURRENT = Current Asset/Current Liabilities, BDSIZE = Board Size.*

4.2 Interpretation of Regression Results

This section presents the results gathered from the inferential statistical analysis. Since the validity of the regression results depends on the outcome of the diagnostic tests, the various diagnostic tests' results are first presented. Specifically, the section contains the presentation and interpretation of the regression result conducted to investigate the study's objective.

Diagnostic Test

There are several ways to measure multiple linearities between independent variables, such as the Pearson correlation and Variance Inflation Factor (VIF). Generally,

the Pearson correlation with a significant value greater than 0.8 indicates a linear relationship between independent variables (Gujarati 2003). Tabachnick and Fidell (2007) stated that multicollinearity arises if the correlation of the independent variable goes over 0.9. Along with the correlation test, the variance inflation factor (VIF) was conducted because examining the correlation matrix between variables does not always detect multicollinearity (Hamilton, 2009). The problem of collinearity are said to be presents if VIF is more 10.

The results in Table 4 indicate that multicollinearity does not exist between independent variables because the Pearson correlation indicators for all independent variables are less than 0.8. Moreover, to confirm the results and check whether multicollinearity between variables, Variance Inflation Factor (VIF), and tolerance statistics are utilised. Hair, Black, Babin and Anderson (2010) suggested that VIF of less than 10 and a tolerance statistic below 1 would indicate the existence of no serious multicollinearity problem. Table 4 shows that VIF ranges below 10, and the tolerance value is less than 1. These results reinforce that there is no multicollinearity.

Table 4. VIF and Tolerance Statistic for Multicollinearity Assumption

Variables	VIF	Tolerance (1/VIF)
FMSIZE	1.23	0.816065
PROF	1.03	0.973122
AUDREP	1.09	0.917479
LEV	1.02	0.982384
CURRENT	1.03	0.972092
BDSIZE	1.13	0.882932
Mean VIF	**1.09**	

Note: *FMSIZE = Firm Size (Measure with Natural log of total Asset), PROF which is Profitability (Return on Equity), AUDREP = Auditor Reputation, LEV = Leverage, CURRENT = Current Asset/Current Liabilities, BDSIZE = Board Size.*

From the result in Table 4, the conducted omitted variable test investigates if there is an omitted variable. It was found that the F-value is 0.76 and the p-value of 0.5158, indicating that the model has no omitted variable.

Breush and Langrangian tests were carried out to determine which regression type would be suitable for the analysis. From the result in Table 5, the insignificant of the p-value of 1.00 indicates that Random effect is better. Hausman test was also conducted to confirm the above claim, and it was found that Random effect regression is preferable.

The presence of serial correlation was also tested using Wooldridge serial correlation test in panel data. The test is based on the null hypothesis that there is no serial correlation among the error terms. The test results with an F-value of 4.089 and a p value of 0.2114 indicate that the null hypothesis cannot be rejected at any conventional significance level. Thus, the model is free of serial correlation.

To investigate the presence of heteroscedasticity in the model, the study used the iterated likelihood ratio test under the null hypothesis of heteroscedasticity. The results obtained and summarised in Table 5 reject the null hypothesis. Its estimated F value of 6.34 and p-value of 0.0118, which is significant at all conventional levels of significance, indicates the existence of a heteroskedasticity problem. The problem of heteroscedasticity can be conducted with the conduct of robust regression analysis. Therefore, robust regression was conducted.

The Ramsey Regression Specification Error Test (RESET) is also presented in Table 5. Under RESET, the null hypothesis that the correct specification of the model is linear is tested against the alternative hypothesis that the model's correct specification is

non-linear. Since the probability value of 0.5158is greater than 0.1, which is the threshold for all conventional levels of significance, the study does reject the null hypothesis that the original estimated linear form is the correct specification of the model. Therefore, the model is correctly specified.

Shapiro-Wilk W was carried out to test the normality of the distribution. The result in Table 5 found that the distribution is normal, with an F-value of 45.098 and a P-value of 0.000.

Table 5. Regression Diagnostic Test Results

Test	Test Type	Value	P value	Conclusion
Omitted Variable	Omitted Variable-Test	0.76	0.5158	No omitted variables
Systematic Difference	Hausman	4.47	1.0000	Random effect is better
Autocorrelation	Wooldridge Test	4.089	0.2114	No serial correlation
Heteroskedastic	Breush-Pagan / Cook-Weisberg	6.34	0.0118***	Presence of homoscedasticity
Specification Error	Ramsey RESET	0.76	0.5158	Model Correctly Specified
Normality	Shapiro-Wilk W	45.098	0.00000**	Data Normally Distributed

Source: *Extracts from STATA Result, 2020.*

Presentation and Interpretation of Fixed Effect Panel Regression Result

This section presents the results of regression analysis of the internet financial reporting (dependent variable) and Firm Size, Profitability, and Audit Reputation (independent variables). The study also takes control variables such as Leverage, Current, and Board Size into consideration.

The random effect panel regression results presented in Table 6 reveal that the firm size (FMSIZE) has a positive relationship with internet financial reporting with a z-value of 1.01 and p-value. The corresponding p-value of 0.310, which is greater than 0.05 and 0.10, indicates that the positive impact is insignificant at a 5 percent level of significance. It implies that when there is an increase in the number of firm size in a year, the internet financial reporting among listed non-financial firms will increase.

Profitability which shows a z-value of 1.95 with p value of 0.051. This means that profitability has positively significant influence on internet financial reporting. This implies that the more the firm is made in profitability, the more the firms would report their financial statement through the internet.

The study results also reveal that auditor reputation (AUDREP) with a z-value of 5.15 and a p-value of 0.000 shows that a positively significant (indicates that the impact is significant at 0.05 percent level of significance) influence exists between auditor reputation and internet financial reporting. This result implies that if the firm employed the Big4 audit firm's service, they would report their financial statement on the internet. Also, the control variables of the study Leverage, Current, and Board Size was investigated. Leverage maintains a positively significant influence with internet financial reporting with the z-value of 2.37 and a p-value of 0.018. The result implied that the more the firms are levered, the more the company will report its financial statement on the internet.

Furthermore, Current and Board Size maintains a negative relationship with internet financial reporting. Current has a z-value of -3.15 and a p-value of 0.002, indicating a negatively significant relationship with internet financial reporting. This meant that the current (current asset to current liabilities) does not influence non-financial listed firms to report using the internet. Board Size, which is also one of the control variables, has a z-value of -0.28 and a p-value of 0.780, indicating a negatively non-significant

influence on internet financial reporting. The result implies that the board members do not determine the firms reporting their financial statements on the internet.

Table 6. Summary of Estimated Regression Result

VARIABLES	Pool OLS		Fixed Effect		Random Effect	
	t-value	p-value	t-value	p-value	z-value	p-value
FMSIZE	0.77	0.440	0.96	0.373	1.01	0.310
PROF	1.86	0.064	1.90	0.106	1.95	0.051
AUDREP	3.70	0.000	5.10	0.002	5.15	0.000
LEV	2.31	0.021	2.36	0.056	2.37	0.018
CURRENT	-3.11	0.002	-3.21	0.018	-3.15	0.002
BDSIZE	-0.10	0.923	-0.37	0.725	-0.28	0.780
Observation	350		350		350	
R-squared	0.0701		0.0705			

Note: *FMSIZE = Firm Size (Measure with Natural log of total Asset), PROF which is Profitability (Return on Equity), AUDREP = Auditor Reputation, LEV = Leverage, CURRENT = Current Asset/Current Liabilities, BDSIZE = Board Size.*

Hypothesis Testing

Hypothesis 1: Firm Size has a positive influence on Internet Financial Reporting

Result of this study, which found a positive relationship between Firm Size and internet financial reporting, is in line with the study by Elsayed (2010); Al-Htaybat (2011); AbuGhazaleh, Qasim and Haddad (2012); Desoky and Mousa (2013) and Sharma (2013). The result implies that when there is an increase in the number of firm size in a year, the internet financial reporting among listed non-financial firms will increase. Similarly, large firms are more probable to utilise information technology in enhancing financial reporting to meet the great demand for their financial information. Also, larger firms have adequate personnel and the necessary resources to easily adopt an innovation, such as internet financial reporting.

Hypothesis 2: Profitability has a positive effect on internet financial reporting

It can also be deduced from the analysis in Table 5 that a positively significant relationship exists between profitability (measured with ROE) and internet financial reporting. The result implies that firms that made more profitability tend to report on the website for everyone to access. This result is in tandem with the study of Verawati (2015), Akbar and Daljono (2014), and Aly, Simon, and Hussainey (2010). It may be inferred that managers can reveal less information to obscure the causes of loss or decreased profit and prevent negative effects on the market value of the firm if profitability are poor.

Hypothesis 3: Auditor reputation has a positive influence on Internet Financial Reporting

Result of the study in Table 6 shows that auditor reputation maintains a positively significant relationship with internet financial reporting among listed non-financial firms in

Nigeria. The result is in accordance with the study by Healy and Palepu (2001). The assumption is that companies audited by Big4 audit firms have clear motivation to notify stakeholders of the high quality of corporate information, regardless of the quantity and nature of information.

5. Conclusion and Recommendations

This paper investigates the determinants of internet financial reporting, such as firm size, profitability, and auditor reputation among non-financial listed firms in Nigeria. The study population consists of one hundred and twelve (112) non-financial listed firms on the Nigeria Stock Exchange. Using a purposive sampling technique, the study selected fifty firms (50) having adequate information needed for the study in their annual report from 2012 – 2018. Based on the analysis, the study found that firm size positively influences internet financial reporting, while profitability and auditor reputation have a positively significant influence on internet financial reporting.

Therefore, it is recommended that policymakers endeavour to ensure the listed firms provide their financial report for easy access to users on the websites. The results of the study are of critical importance to the Nigerian Stock Exchange (NSE). There should be regulatory guidance covering whether an internet financial report is a direct substitute or a complement for what is published on the NSE website.

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