
Comparing internet financial reporting practices: Indonesia, Malaysia, Singapore, Japan and Australia

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Abstract: Internet financial reporting practices in Indonesia is one form of transparency and accountability of good corporate governance. Good corporate governance requires companies to present information timely, clear, and comparable, especially concerning financial issues, management and company ownership. The research objective is to compare the quality of corporate disclosure of internet financial reporting in Indonesia, Singapore, Japan, Malaysia and Australia. The sample in this research is the companies in each country (Malaysia, Singapore, Japan and Australia) are the best in the category of *Forbes* magazine (*Forbes* 2000). Indonesia's best to use the criteria established by *SWA* magazine (*SWA* 100). The result of this study indicates that there are differences in IFR quality between companies in Malaysia with companies in Australia and Japan. This study also shows that there is a difference in IFR quality between companies in Indonesia with companies in Australia, Singapore and Japan.

Keywords: internet financial reporting; IFR; website; traditional financial reporting; internet; financial statement; voluntary disclosure; Indonesia; Malaysia; Singapore; Japan; Australia.

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1 Introduction

Internet technology advancement can be used to develop the provision of information on various forms, for example, graphics, picture, and an interactive multi-media. Other internet capability is distributing process information more quickly, globally accessible and cheap. The company can provide financial information in various forms, beyond traditional financial reporting in print (paper-based reporting) in a timely manner. Financial reporting using the internet is not only limited by the use of statistics and charts, but also includes hyperlinks, search engines, and interactive multimedia. Internet media also can eliminate geographical limitations due to regional differences. The internet can be increased frequency of reporting financial information to the stakeholders of the company given the need for the provision of information quickly.

Several studies of web-based financial reporting stated that although the company has a web, but not optimally used to inform the finance company (Almilia, 2009). Good corporate governance is characterised that they convey information more quickly, accurately and completely. Information is considered informative if the information is capable of changing beliefs of decision makers. Internet financial reporting (IFR) practices in Indonesia is one form of transparency and accountability in the practice of good corporate governance. The good corporate governance requires companies to present information in an open, timely, clear, and comparable especially concerning financial issues, management and ownership of the company.

Financial Reporting Practices of adequate internet will result in increased transparency and accountability so that the company believed investors, business partners or creditors; become more linear as the division of duties and clear authority; balance of power between the internal structure of the company, i.e., directors, commissioners, audit committees and so on; decision-making to be more accountable and more careful for the sake of corporate sustainability. The board of directors has a role as an effective monitoring in improving the quality of IFR. The results of the study (Botti et al., 2014) show empirical evidence that companies with a high level of IFR has a board of directors to monitor top management, including improving the quality of IFR.

The research objective is to develop and improve the utilisation of IFR and to improve the good corporate governance practice in Indonesia. Development and increased use of IFR in Indonesia is done with: the researcher assess the quality of a website on the best firms from Indonesia based on SWA Magazine's and also the best firms from Malaysia, Singapore, Japan and Australia based on Forbes Magazine's as an IFR benchmark. Selection of firms from Malaysia, Singapore, Japan and Australia are due to the four countries joined as the member countries of Economic Cooperation countries in the Asia Pacific region (Asia Pacific Economic Cooperation – APEC). The purpose of the forum is to cooperated APEC trade and investment to drive Economic Cooperation. Based on the purpose of the agreement the APEC forum, the researchers conducted a comparative testing of website quality on some APEC member countries.

Several previous studies only test the quality of IFR on a particular country. Aly et al. (2010) examine IFR quality on Egyptian companies; Bozcuk (2012) examine IFR quality on Turkish listed firms, Mohamed and Basuony (2014) examine IFR quality on Qatar Oman and Bahrain, and Momany et al. (2014) examine IFR quality on Jordania companies. This study attempts to compare the quality of IFR in several countries, namely Indonesia, Malaysia, Singapore, Japan and Australia. This study is an advanced previous research that has been conducted by researchers regarding the disclosure quality

testing (Budisusetyo and Almilia, 2011), the determinants of IFR (Almilia, 2009, 2010) and the impact of the use of IFR (Almilia and Budisusetyo, 2009) in Indonesia. Previous studies that have been conducted by researchers only analyse how the quality of IFR in Indonesia without regard how to the practice of IFR in other countries, especially in countries in the Asia Pacific region that can serve as a benchmark or benchmark of quality IFR in Indonesia. Based on the explanation above, it is necessary to do further research related to comparative analysis of practices in Indonesia with IFR practices in other countries.

2 Literature review

Information technology is used in a wide variety of sectors, not only the industrial sector, but also government and education. Several studies related to the role of information technology also examine the role of IT in industry, education and government. Research related to the role of information technology in the industrial sector conducted by Abareshi (2011) and Gupta and Narain (2012). Abareshi (2011) examine the underlying factors that can enhance the strategic alignment between IT strategy and business strategy. Abareshi (2011) shows that management support and ICT capabilities have significant impact on IT strategic alignment. Gupta and Narain (2012) examine the impact of IT on e-procurement practice. Gupta and Narain (2012) suggests that the deployment of IT in Indian organisations is of a level that can be quite helpful in improving internal business process efficiency such as better internal control, reduced cost and time and improved customer service.

Research related to the role of information technology in education conducted by Al-Debei (2014) while the role of information technology in government conducted by Dominic et al. (2011). Al-Debei (2014) explores the main factor affecting behavioural intentions of students to regularly use university website in the future. Al-Debei (2014) find that information quality is the main predictor of perceived usefulness, whereas system quality is the main predictor of perceived ease of use and perceived enjoyment. Dominic et al. (2011) measure the quality of e-government websites of five Asian countries via web diagnostic tools online. Dominic et al. (2011) show that most Asian websites are neglecting in performance and quality criteria. Research results related to the role of information technology in the industrial sector, education and government showed that IT has an important role in improving the efficiency and effectiveness of internal business processes.

Currently, the development of technology is growing rapidly, especially in the field of communications and the internet. The development of this technology has brought changes not only in the public mindset, but also the way a company's business. Technology is used because it is more efficient and effective in helping the needs of a variety of things by its users including companies. The rapid development in the world of the internet has brought a change in the spread and development of the information. Many companies are already using the internet as a communication tool to provide company information. Developments in Indonesia indicate a demand for transparency of the company financial condition. So that the financial information contained in the financial statements can be helpful in decision-making by various parties, such financial statements should be qualified qualitative characteristics of financial statements.

On companies listed on the Indonesia Stock Exchange, although it has had a website on the internet, the disclosure practice of financial information by internet media still has not been done and with diverse forms. An in-depth study of the quality of financial reporting and management via the internet (IFR) would be necessary to increase responsibility, accountability and transparency (good corporate governance). Khan and Ismail (2012) find that there are three main benefits to the users who collect financial information of companies via their website are: provides information for company inexpensively, makes investment decision process easier and faster, and increases timeliness and efficiency in obtaining financial information.

Results of the survey that was conducted in the period between December 2007 to November 2008, relating to the website which is owned by a public company listed on the Indonesia Stock Exchange, showed that only 62% of companies that already have a website to publish some information about the financial and non-financial company as below (Budisusetyo and Almilía, 2011).

Table 1 shows the disparity in corporate disclosure practices through media company website and still at least take advantage of the use of internet technology. In 2010 showed that there were 213 or 62% companies that have a website. In 2012 showed that there were 332 or 74% companies that have a website. The comparison of 2010 and 2012 showed an increase in the utilisation of the company's website. In 2012 showed that a decline in the utilisation of the company's website on the mining and mining services industry and hotel and transport service.

The research results related IFR utilisation to the developing countries shows that firms in developing countries are less utilising IFR technology to disseminate information to the user. Davey and Homkajohn (2004) review an empirical study into the extent and quality of IFR among the top 40 Thai listed companies. Davey and Homkajohn (2004) shows that most companies did not take full advantage of the computer technologies to add value to the financial disclosures. Pervan (2005) examine the use of IFR on the 38 companies listed on stock markets of Croatia, this research shows that 20 companies have websites and 18 companies do not have a website. Khadaroo (2005a) show that there has been an increase in the number of companies providing information on the internet as well as the various types of financial and non-financial information provided. Khadaroo (2005a) also provides some evidence that there has been little improvement in the quality and reliability of information provided to users.

Momany and Shorman (2006) tested the quality of IFR on companies listed on Jordan stock exchanges. Momany and Shorman (2006) show that firms in Jordan from 27 companies that have websites, only 19 companies that publish financial statements in the website and only six companies are presenting complete financial information on the company website. Oyelere and Mohamed (2007) examine the quality of IFR in companies listed on the Oman stock market. Oyelere and Mohamed (2007) show that only 31 companies (37%) that presenting financial information in the company's website, this indicates that the IFR is a new phenomenon for companies listed on Oman stock markets. Momany et al. (2014) show that 87 Jordanian companies (69%) possess websites with about 51% (44 of the 87) include financial reports and 32 out of 44 companies (about 73%) disseminate all their financial information on their websites.

Table 1 Companies in Indonesia Stock Exchange that has a website

| | 2010 | | | 2012 | | |
|---|----------------------------|--------------------------------------|-----|----------------------------|--------------------------------------|------|
| | No. of go public companies | No. of companies that has a websites | % | No. of go public companies | No. of companies that has a websites | % |
| 1 | 9 | 7 | 78 | 12 | 11 | 92 |
| Agriculture, forestry and fishing | | | | | | 14 |
| 2 | 6 | 2 | 33 | 6 | 5 | 83 |
| Animal feed and husbandry | | | | | | 50 |
| 3 | 12 | 12 | 100 | 37 | 22 | (41) |
| Mining and mining service | | | | | | |
| 4 | 4 | 4 | 100 | 9 | 9 | 100 |
| Constructions | | | | | | 0 |
| 5 | 142 | 93 | 65 | 146 | 114 | 87 |
| Manufacturing | | | | | | 22 |
| 6 | 12 | 7 | 58 | 22 | 19 | 86 |
| Transportation service | | | | | | 28 |
| 7 | 6 | 5 | 83 | 9 | 8 | 89 |
| Telecommunication | | | | | | 6 |
| 8 | 16 | 5 | 31 | 30 | 21 | 70 |
| Whole sale and retail trade | | | | | | 39 |
| 9 | 26 | 21 | 81 | 31 | 26 | 84 |
| Banking | | | | | | 3 |
| 10 | 40 | 22 | 55 | 40 | 30 | 75 |
| Credit agencies, securities and insurance | | | | | | 20 |
| 11 | 39 | 17 | 44 | 52 | 33 | 63 |
| Real estate | | | | | | 19 |
| 12 | 6 | 5 | 83 | 13 | 8 | (21) |
| Hotel and travel service | | | | | | |
| 13 | 4 | 2 | 50 | 11 | 8 | 73 |
| Holding and other investment companies | | | | | | 23 |
| 14 | 21 | 11 | 52 | 28 | 18 | 64 |
| Others | | | | | | 12 |
| Total | 343 | 213 | 62 | 446 | 332 | 74 |

Pervan and Filipović (2008) examine the practice of IFR on the 35 listed firms go public in the Sarajevo stock market, the results showed that information is often disclosed in a press releases company's website, while the stock price information, risk analysis, and the report of the board of directors are rarely disclosed in the company's website. Victoria and Nicoleta (2008) examine the practices of IFR in European countries and the Middle East. The results of Victoria and Nicoleta (2008) showed that only 51 companies from 110 companies in developed countries, central and eastern European countries that have the disclosure practices of IFR ideal, including: provide information on local and English-speaking companies, provide information on company management and board directors.

Despina and Demetrios (2009) examine the practice of IFR 302 companies go public on the Athens stock exchange, using 57 criteria that describe the best disclosure practices at the company's website. Results of research conducted by Despina and Demetrios (2009) showed that 78.62% of companies disclose the financial highlights and 99.3% of firms disclose the prior period balance sheets at the company's website go public in Athens. Bozcuk (2012) show that there are increased of Turkish listed firms to disclose financial information on their corporate website, increased from 38% in 2002 to 95% in 2010. Aly et al. (2010) showed that 56% Egyptian companies report information on their websites.

Some research indicates that the use of the internet as a media that makes it easy for companies to disseminate information very low. This is shown not many companies use the internet as a media to inform the condition of the company. Khadaroo (2005b) compared the use of the internet for companies in Malaysia and Singapore. Khadaroo (2005b) show that 75% (75 companies) of the KLSEs CI indexed companies had websites as compared to 87% (39 companies) of the SGXs STI indexed companies. These results indicate that Singaporean companies make more use of the internet as a reporting tool than their Malaysian counterparts.

Dyczkowska (2014) examine the IFR quality in Poland. Dyczkowska (2014) show that few companies only could be labelled as those representing a high level of financial disclosure and most of the examined objects were characterised by a low level of disclosure. Mohamed and Basuony (2014) examine IFR quality on Qatar Oman and Bahrain. Mohamed and Basuony (2014) show that IFR quality in Qatar is outperforming both Oman and Bahrain in the disclosure of the various characteristics. Some research indicates that the quality of the IFR in some countries is still low.

3 Research method

The research sample is a listed company on the Indonesian Stock Exchange, Malaysia, Singapore, Japan and Australia and has corporate website to better reporting of financial information and non-financial information. Selection of stock exchanges of Malaysia, Singapore, Japan and Australia are due to the four countries joined as the member countries of Economic Cooperation countries in the Asia Pacific region (APEC). The purpose of the forum is to cooperated APEC trade and investment to drive Economic Cooperation. Based on the purpose of the agreement the APEC forum, the researchers conducted a comparative testing of website quality on some APEC member countries. Another reason chooses five countries in this study are the five countries have close

geographical location, allowing bilateral relations occur and allow business and trade relations can occur in five countries.

An IFR index was developed by basing closely on the work of Cheng et al. (2000). This study chose to use the IFR index developed by Cheng et al. (2000) with modifications because IFR index showed the true quality assessment IFR. The IFR quality is quite good if companies more focused on the content of the information available in the company's website. Information in company websites can be helpful for users. The IFR index tended to favour the importance of technology rather than the content of financial statements. For example, a company that discloses a full set of financial statements in PDF format for one year could gain only 6%. This score to be too low when compared with the usefulness of the content. Therefore, in order to add weight to content over technology enhancements, the index criteria were divided into four parts and assigned weights – content (40%), timeliness (20%), technology (20%) and user support (20%). Three new items were added to the checklist, namely company address, and language, under content, and proper disclaimer under timeliness. IFR disclosure instruments are content, timeliness, technology and user support.

- 1 *Content*, this category includes the components of financial information from statement of financial position, cash flow through shareholder information and social responsibilities disclosures. Financial information disclosed in html format scores higher (two points) than disclosure in PDF format (one point), since the former makes better use of the web technology and as a result it is easier for users to access effectively. A copy of the content index is attached as Appendix.
- 2 *Timeliness*, since the web can provide information in real time it is important to find out the extent to which this facility is utilised. These real time data include press release, unaudited latest quarterly results, vision/forward-looking statements, and charts of future profits forecast. For disclosure of press releases and stock quotes, there is an added score for the recently of information (on a scale from 0 to 3). Companies receive a score for disclosing unaudited quarterly results and vision statements and a score is also given for appropriate disclaimers. This is included since companies may face potential legal risk if they endorse the unaudited or forward looking statements and omit meaningful cautionary disclaimers. A copy of the timeliness index is attached as Appendix.
- 3 *Technology*, these item related to enhancements that cannot be provided by printed report. Those items that uphold that quality of the electronic financial reporting and facilitate communication with site users score highly on the index. The elements are download plug-in on spot, online feedback, use of presentation slides, use of multimedia technologies (audio and video clips), analysis tools (for example, Excel's Pivot Table), advanced features (such as implementing an 'Intelligent Agent' or XBRL). A copy of the technology index is attached as Appendix.
- 4 *User support*, users' computer skills are different. Some of them are experts, some are novice. Those who do not have state-of-the-art technology may find themselves unable to use a site at all. Companies score is higher if they implement tools that facilitate use of the IFR irrespective of computer skills. The tools scored in the index are: search and navigation tools (such as FAQ, links to homepage, site map, site search), number of clicks to get financial information (on a scale from 0 to 3), and

consistency of web page design. A copy of the user support index is attached as Appendix.

The sample selecting method using purposive sampling method, which is:

- 1 The best companies based on SWA magazine, selected companies that have a good website in Indonesia and English language.
- 2 The best companies based on Forbes Magazine's in Malaysia, Singapore, Japan and Australia, selected companies that have websites in English, this is to facilitate researchers in assessing indices IFR.
- 3 The purpose of this study is looking for an IFR benchmark. The research sample consist of the company was ranked 2000 in the magazine Forbes in each country (Malaysia, Singapore, Japan and Australia) in the category of Forbes Magazine's best in their respective countries. Indonesia's best to use the criteria established by SWA magazine. The reason is that the criteria used by the magazine each deemed to have an adequate methodology.

ANOVA use to examine practice differences of content, timelines, technology, user support and IFR index for five group samples (Indonesia, Malaysia, Singapore, Japan and Australia). This study will compare the quality of the IFR in five groups of countries, so that more precise testing with a *ANOVA*. *ANOVA* was used to test for differences in the mean (average) data from more than two groups. *ANOVA* Test principle is to analyse the variability of the data into two sources of variation, namely the variation in the group (within) and inter-group variation (between). If the variation within and between the same (both variants comparative value approaching one), then it means that there is no difference in the effect of the intervention, in other words mean values compared to no difference. Conversely, if the variation between groups is greater than the variation within the group, meaning that these interventions have different effects, in other words which compared the mean values indicate a difference. Table 2 shows the research sample based on the above criteria. The research sample consisted of 20 Malaysian companies, 41 Australian companies, 19 Singapore companies, 50 Japanese companies and 50 Indonesian companies.

Table 2 Research sample

| <i>No.</i> | <i>Country</i> | <i>Total</i> |
|------------|----------------|--------------|
| 1 | Indonesia | 50 |
| 2 | Malaysia | 20 |
| 3 | Singapore | 19 |
| 4 | Japan | 50 |
| 5 | Australia | 41 |
| | Total | 180 |

4 Research result

Table 3 shows the descriptive statistic of IFR index, content index, timelines index, technology index and user support index. Table 3 panel A showed that the highest average index of IFR is Australia (59.6220), while the lowest average index of IFR is Malaysia (41.1000). Results of the descriptive data showed the highest maximum value for the IFR index are Japan (88.00) and the lowest maximum value for the index of IFR is Indonesia (65.50). Results of descriptive data also showed the lowest minimum value for the index of IFR is Indonesia (7.00) and the highest minimum value for the index of IFR is Singapore (32.50). Results of the descriptive data showed that the Australia has high IFR quality than other countries.

Table 3 panel B showed that the highest average index of content is Australia (35.5854), while the lowest average index of content is Indonesia (27.1300). Results of the descriptive data showed the highest maximum value for the content index are Japan (55.00) and the lowest maximum value for the content index is Indonesia and Malaysia (44.00). Results of descriptive data also showed the lowest minimum value for the content index is Indonesia (3.00) and the highest minimum value for the content index is Singapore (24.50). Results of the descriptive data showed that the Australia has high content index than other countries.

Table 3 Descriptive statistic

| <i>Panel A: internet financial reporting index</i> | | | | | |
|--|----------------|----------|-------------|------------|------------|
| <i>No.</i> | <i>Country</i> | <i>N</i> | <i>Mean</i> | <i>Min</i> | <i>Max</i> |
| 1 | Indonesia | 50 | 41.4300 | 7.00 | 65.50 |
| 2 | Malaysia | 20 | 41.1000 | 16.00 | 67.00 |
| 3 | Singapore | 19 | 51.6842 | 32.50 | 84.00 |
| 4 | Japan | 50 | 56.2400 | 16.00 | 88.00 |
| 5 | Australia | 41 | 59.6220 | 12.00 | 85.00 |
| <i>Panel B: content index</i> | | | | | |
| <i>No.</i> | <i>Country</i> | <i>N</i> | <i>Mean</i> | <i>Min</i> | <i>Max</i> |
| 1 | Indonesia | 50 | 27.1300 | 3.00 | 44.00 |
| 2 | Malaysia | 20 | 27.5750 | 8.00 | 44.00 |
| 3 | Singapore | 19 | 30.9474 | 24.00 | 43.00 |
| 4 | Japan | 50 | 33.2200 | 8.00 | 55.00 |
| 5 | Australia | 41 | 35.5854 | 4.00 | 52.00 |
| <i>Panel C: timelines index</i> | | | | | |
| <i>No.</i> | <i>Country</i> | <i>N</i> | <i>Mean</i> | <i>Min</i> | <i>Max</i> |
| 1 | Indonesia | 50 | 5.5200 | 0.00 | 11.00 |
| 2 | Malaysia | 20 | 4.5750 | 0.00 | 11.00 |
| 3 | Singapore | 19 | 7.7895 | 3.00 | 14.00 |
| 4 | Japan | 50 | 7.7000 | 0.00 | 15.00 |
| 5 | Australia | 41 | 8.1585 | 0.00 | 14.00 |

Table 3 Descriptive statistic (continued)

| <i>Panel D: technology index</i> | | | | | |
|------------------------------------|----------------|----------|-------------|------------|------------|
| <i>No.</i> | <i>Country</i> | <i>N</i> | <i>Mean</i> | <i>Min</i> | <i>Max</i> |
| 1 | Indonesia | 50 | 2.9200 | 0.00 | 11.00 |
| 2 | Malaysia | 20 | 2.3500 | 0.00 | 8.00 |
| 3 | Singapore | 19 | 4.4211 | 0.00 | 13.00 |
| 4 | Japan | 50 | 6.0200 | 0.00 | 11.00 |
| 5 | Australia | 41 | 2.3500 | 0.00 | 15.00 |
| <i>Panel E: user support index</i> | | | | | |
| <i>No.</i> | <i>Country</i> | <i>N</i> | <i>Mean</i> | <i>Min</i> | <i>Max</i> |
| 1 | Indonesia | 50 | 5.8600 | 2.00 | 10.00 |
| 2 | Malaysia | 20 | 6.6000 | 2.00 | 11.00 |
| 3 | Singapore | 19 | 8.5263 | 3.00 | 15.00 |
| 4 | Japan | 50 | 9.3000 | 4.00 | 12.00 |
| 5 | Australia | 41 | 7.9268 | 6.00 | 11.00 |

Table 3 panel C showed that the highest average index of timelines is Australia (8.1585), while the lowest average index of timelines is Indonesia (4.5750). Results of the descriptive data showed the highest maximum value for the timelines index are Japan (15.00) and the lowest maximum value for the timelines index is Indonesia and Malaysia (11.00). Results of descriptive data also showed the lowest minimum value for the timelines index is Indonesia, Malaysia, Japan and Singapore (0.00) and the highest minimum value for the timelines index is Singapore (3.00). Results of the descriptive data showed that the Australia has high timelines index than other countries.

Table 3 panel D showed that the highest average index of technology is Japan (6.0200), while the lowest average index of technology is Malaysia (2.3500). Results of the descriptive data showed the highest maximum value for the technology index are Australia (15.00) and the lowest maximum value for the technology index is Malaysia (8.00). Results of descriptive data also showed that all countries have lowest minimum value for the technology index. Results of the descriptive data showed that the Japan has high technology index than other countries.

Table 3 panel E showed that the highest average index of user support is Japan (9.3000), while the lowest average index of technology is Indonesia (5.8600). Results of the descriptive data showed the highest maximum value for the user support index are Singapore (15.00) and the lowest maximum value for the user support index is Indonesia (10.00). Results of the descriptive data showed the highest minimum value for the user support index are Australia (6.00) and the lowest minimum value for the user support index are Indonesia and Malaysia (2.00). Results of the descriptive data showed that the Japan has high user support index than other countries.

Table 4 ANOVA statistic

| No. | Variable | F | Sig. |
|-----|------------------------------------|--------|-------|
| 1 | Internet financial reporting index | 14.235 | 0.000 |
| 2 | Content index | 6.109 | 0.000 |
| 3 | Timelines index | 7.410 | 0.000 |
| 4 | Technology index | 21.065 | 0.000 |
| 5 | User support index | 15.663 | 0.000 |

Table 4 shows that there are differences in financial reporting internet index, content, timeliness, technology and user support across the five countries. These results indicate the existence of differences in financial reporting practices of the internet of five countries. Table 5 shows the results of index comparison of IFR in five countries. The results show that: *first*, Australia has a higher and significant quality of IFR compared to Malaysia (mean difference = 18.52195) and Indonesia (mean difference = 18.19195). *Second*, Japan has a higher and significant quality of IFR compared to Malaysia (mean difference = 15.14000) and Indonesia (mean difference = 14.81000). *Third*, Singapore has a higher and significant quality of IFR compared to Indonesia (mean difference = 10.25421). The results showed that Indonesia had lower IFR disclosure practices than Australia, Singapore and Japan. The results also show that internet disclosure of financial reporting practices in Indonesia is not much different from Malaysia.

Table 5 Multiple comparisons of IFR index between country

| Country (I) | Country (J) | Mean difference (I-J) | Sig. |
|-------------|-------------|-----------------------|-------|
| Malaysia | Australia | -18.52195 | 0.000 |
| | Singapore | -10.58421 | 0.125 |
| | Japan | -15.14000 | 0.001 |
| | Indonesia | -0.33000 | 1.000 |
| Australia | Singapore | 7.93774 | 0.241 |
| | Japan | 3.38195 | 0.776 |
| | Indonesia | 18.19195 | 0.000 |
| Singapore | Japan | -4.55579 | 0.741 |
| | Indonesia | 10.25421 | 0.052 |
| Japan | Indonesia | 14.81000 | 0.000 |

Table 6 shows the results of index comparison of content index in five countries. The results show that: *first*, Australia has a higher and significant quality of content index compared to Malaysia (mean difference = 8.01037) and Indonesia (mean difference = 8.45536). *Second*, Japan has a higher and significant quality of content index compared to Indonesia (mean difference = 6.09000). The results also show that: *first*, content index in Malaysia is not much different from Singapore, Japan and Indonesia. *Second*, content index in Australia is not much different from Singapore and Japan. *Third*, content index in Singapore is not much different from Indonesia and Japan.

Table 6 Multiple comparisons of content index between country

| <i>Country (I)</i> | <i>Country (J)</i> | <i>Mean difference (I-J)</i> | <i>Sig.</i> |
|--------------------|--------------------|------------------------------|-------------|
| Malaysia | Australia | -8.01037 | 0.015 |
| | Singapore | -3.37237 | 0.785 |
| | Japan | -5.64500 | 0.147 |
| | Indonesia | 0.44500 | 1.000 |
| Australia | Singapore | 4.63800 | 0.372 |
| | Japan | 2.36537 | 0.742 |
| | Indonesia | 8.45536 | 0.000 |
| Singapore | Japan | -2.27263 | 0.892 |
| | Indonesia | 3.81737 | 0.542 |
| Japan | Indonesia | 6.09000 | 0.010 |

Table 7 shows the results of index comparison of timelines in five countries. The results show that: *first*, Australia has a higher and significant quality of timelines index compared to Malaysia (mean difference = 3.58354) and Indonesia (mean difference = 2.63854). *Second*, Japan has a higher and significant quality of timelines index compared to Malaysia (mean difference = 3.12500) and Indonesia (mean difference = 2.18000). *Third*, Singapore has a higher and significant quality of IFR compared to Malaysia (mean difference = 3.21447) and Indonesia (mean difference = 2.26947). The results showed that Indonesia and Malaysia had lower timelines index than Australia, Singapore and Japan. The results also show that internet disclosure of financial reporting practices in Indonesia is not much different from Malaysia.

Table 7 Multiple comparisons of timelines index between country

| <i>Country (I)</i> | <i>Country (J)</i> | <i>Mean Difference (I-J)</i> | <i>Sig.</i> |
|--------------------|--------------------|------------------------------|-------------|
| Malaysia | Australia | -3.58354 | 0.001 |
| | Singapore | -3.21447 | 0.020 |
| | Japan | -3.12500 | 0.003 |
| | Indonesia | -0.94500 | 0.809 |
| Australia | Singapore | 0.36906 | 0.994 |
| | Japan | 0.45854 | 0.963 |
| | Indonesia | 2.63854 | 0.002 |
| Singapore | Japan | 0.08947 | 1.000 |
| | Indonesia | 2.26947 | 0.078 |
| Japan | Indonesia | 2.18000 | 0.009 |

Table 8 shows the results of index comparison of technology in five countries. The results show that: *first*, Australia has a higher and significant quality of technology index compared to Malaysia (mean difference = 5.60122), Indonesia (mean difference = 5.03122) and Singapore (mean difference = 3.53017). *Second*, Japan has a higher and significant quality of technology index compared to Malaysia (mean difference = 3.67000) and Indonesia (mean difference = 3.10000). The results showed that Indonesia and Malaysia had lower technology index than Australia, Singapore and

Japan. The results also show that technology index in Indonesia is not much different from Malaysia.

Table 8 Multiple comparisons of technology index between country

| <i>Country (I)</i> | <i>Country (J)</i> | <i>Mean difference (I-J)</i> | <i>Sig.</i> |
|--------------------|--------------------|------------------------------|-------------|
| Malaysia | Australia | -5.60122 | 0.000 |
| | Singapore | -2.07105 | 0.210 |
| | Japan | -3.67000 | 0.000 |
| | Indonesia | -0.57000 | 0.954 |
| Australia | Singapore | 3.53017 | 0.000 |
| | Japan | 1.93122 | 0.023 |
| | Indonesia | 5.03122 | 0.000 |
| Singapore | Japan | -1.59895 | 0.290 |
| | Indonesia | 1.50105 | 0.354 |
| Japan | Indonesia | 3.10000 | 0.000 |

Table 9 shows the results of index comparison of user support in five countries. The results show that: *first*, Australia has a higher and significant quality of user support index compared to Indonesia (mean difference = 2.06683). *Second*, Singapore has a higher and significant quality of user support compared to Indonesia (mean difference = 2.66632) and Malaysia (mean difference = 1.92632). *Third*, Japan has a higher and significant quality of user support compared to Indonesia (mean difference = 3.44000) and Malaysia (mean difference = 2.70000). The results showed that Indonesia and Malaysia had lower user support index than Australia, Singapore and Japan. The results also show that technology index in Indonesia is not much different from Malaysia.

Table 9 Multiple comparisons of user support index between country

| <i>Country (I)</i> | <i>Country (J)</i> | <i>Mean difference (I-J)</i> | <i>Sig.</i> |
|--------------------|--------------------|------------------------------|-------------|
| Malaysia | Australia | -1.32683 | 0.225 |
| | Singapore | -1.92632 | 0.075 |
| | Japan | -2.70000 | 0.000 |
| | Indonesia | 0.74000 | 0.747 |
| Australia | Singapore | -0.59949 | 0.884 |
| | Japan | -1.37317 | 0.043 |
| | Indonesia | 2.06683 | 0.000 |
| Singapore | Japan | -0.77368 | 0.728 |
| | Indonesia | 2.66632 | 0.000 |
| Japan | Indonesia | 3.44000 | 0.000 |

5 Conclusions

The research objective is to develop and improve the utilisation of IFR and to improve the good corporate governance practice in Indonesia. Development and increased use of IFR in Indonesia is done with: the researcher assess the quality of a website on the Indonesia go public firms and also the go public firms on the Malaysia, Singapore, Japan and Australia stock exchange as an IFR benchmark.

The research sample is a listed company on the Indonesian Stock Exchange, Malaysia, Singapore, Japan and Australia and has corporate website to better reporting of financial information and non-financial information. Selection of stock exchanges of Malaysia, Singapore, Japan and Australia are due to the four countries joined as the member countries of Economic Cooperation countries in the Asia Pacific region (APEC). The results showed that Indonesia had lower IFR disclosure practices than Australia, Singapore and Japan. The results also show that internet disclosure of financial reporting practices in Indonesia is not much different from Malaysia.

The research results showed that companies in Australia have the highest index in the index of contents and timeliness. This research results indicate that companies in Australia pay attention to the information that is necessary for the user and always presents the latest information. Indonesia as a country practicing good governance should also follow IFR disclosure practices in Australia. The following are some of the IFR disclosure practices in Australia that can be used as an example to improve the quality of IFR in Indonesia are: first, all of the information presented in the company's website not only as a pdf but also in the form of html. Second, the company also provides enterprise information in multiple languages, especially in English. It is easier for foreign investors if they want to analyse the company's financial statements. Third, the company can also provide the facility either stock quote and graph of stock price. Fourth, the company also provides information not only financial statements but also the annual report or quarterly report. Fifth, the company is not only to present the financial statements not only one last year, but also the financial statements over the previous two years.

Companies in Indonesia can model IFR practices in Australia related to timeliness. Some IFR practices related to timeliness that can be developed are: first, the company's website should present a company press release at least every week. Second, the company is also obliged to present the last unaudited quarterly result. Third, the company should updating information in the stock price every day. Fourth, the company must also present the vision statements or forward-looking statements include charts of future profit forecast.

The research results showed that companies in Japan have the highest index in the index of technology and user support. Some practices can be developed to improve the IFR quality related to technology component in Indonesia is company must provide technology facilities include download plug-in on spot, online feedback and support, presentation of slides, multimedia technology, analysis tool, and advance features (like XBRL). The research results also showed that firms in Indonesia can improve the IFR quality related to user support component in Indonesia is company must provide help and frequently asked questions, link to homepage, link to top, sitemap, site search, and focusing on consistency of web page design.

The results of this study indicate that the quality of IFR companies in Indonesia is still relatively low compared to Singapore, Japan and Australia. The practical implication of the research is the capital market supervisory agency or government should establish

regulations governing IFR in Indonesia. IFR regulations in Indonesia should regulate what information should be disclosed in the company's website, the technology used, the facilities must be provided to the user, and timeliness of information presentation on the company's website.

This study has several limitations. First, this study only examined the IFR quality includes content, timeliness, technology and user support. Future research could examine the IFR quality includes the completeness, accuracy, relevance and transparency. Second, this study only compares the quality of IFR only in five countries. Future research can compare the IFR quality on developed countries with developing countries.

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Appendix (see online version for colours)

Internet financial reporting index

Company's name:















Company's URL:

Date accessed:







A The content index of IFR disclosure instruments

| | Nilai | Multiplier |
|---|-------|------------|
| 1 Numbers of years/quarterly shown | | |
| a Annual reports | | 0.5 |
| How many FS published | | 0 |
| Score 3 if company published financial statement more than 2 years before | | |
| Score 2 if company published financial statement 2 years | | |
| Score 1 if company published financial statement 1 year | | |
| Score 0 if company not published financial statement | | |

| | | | | |
|---|--|--|-----|---|
| b | Quarterly reports | | 0.5 | 0 |
| | How many quarterly FS published | | | |
| | Score 3 if company published quarterly financial statement more than 1 year before | | | |
| | Score 2 if company quarterly published financial statement 1 year | | | |
| | Score 1 if company quarterly published financial statement 1 quarter | | | |
| | Score 0 if company not published quarterly financial statement | | | |
| 2 | Other financial information | | | |
| | (1 = Yes, 0 = No) | | | |
| a | Stock quote | | 3 | 0 |
| b | Graph of stock price | | 2 | 0 |
| 3 | Language | | | |
| | (1 = Yes, 0 = No) | | | |
| a | English | | 2 | 0 |
| b | Other than English | | 1 | 0 |
| 4 | Financial information | | | |
| | (1 = Yes, 0 = No) | | | |
| 1 | Statement of financial position | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 2 | Statement of financial performance | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 3 | Statement of cash flow | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 4 | Statement of movement in equity | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 5 | Notes to financial statement | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 6 | Disclosures of quarterly results | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| 7 | Financial highlight/year-in-review | | | |
| a | PDF | | 1 | 0 |
| b | HTML | | 2 | 0 |
| c | Growth rates, ratios, charts | | 2 | 0 |

| | | | | |
|----|--|---|---|---|
| 8 | Chairman's reports | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| 9 | Auditors reports | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| 10 | Stakeholder information | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| 11 | Corporate information | | | |
| | Vision and mission | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| | Board directors and board of commissioners | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| | Contacts to investor relations | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| 12 | Social responsibility | | | |
| | a PDF |  | 1 | 0 |
| | b HTML |  | 2 | 0 |
| | <i>Total score</i> | | | 0 |

B The timelines index of IFR disclosure instruments

| | | | | |
|---|--|---|-----|---|
| 1 | Press release | | | |
| | a Existence |  | 2 | 0 |
| | (1 = Yes, 0 = No) | | | |
| | b Number of days last updates news |  | 1.5 | 0 |
| | 0 = updated more 1 month, 1 = more one week, 2 = this week | | | |
| 2 | Unaudited last quarterly result | | | |
| | (1 = Yes, 0 = No) | | | |
| | a Existence |  | 2 | 0 |
| | b With proper disclaimer |  | 1 | 0 |
| 3 | Stock quotes | | | |
| | a Existence |  | 2 | 0 |
| | (1 = Yes, 0 = No) | | | |
| | b Updated in how many days |  | 1 | 0 |
| | 1 = updated in this week, 0 = updated more than one week | | | |

4 Vision statements/forward looking statements

(1 = Yes, 0 = No)

| | | | |
|--------------------|--|---|----------|
| a | Existence | 2 | 0 |
| b | Proper disclaimer | 1 | 0 |
| c | Charts of future profits forecast/trends | 1 | 0 |
| <i>Total score</i> | | | <i>0</i> |

C The technology index of IFR disclosure instruments

(1 = Yes, 0 = No)

| | | | |
|--------------------|-----------------------------|---|----------|
| 1 | Download plug-in on spot | 2 | 0 |
| 2 | Online feedback and support | 2 | 0 |
| 3 | Use presentation of slides | 3 | 0 |
| 4 | Use multimedia technology | 4 | 0 |
| 5 | Analysis tool | 4 | 0 |
| 6 | Advance features (XBRL) | 5 | 0 |
| <i>Total score</i> | | | <i>0</i> |

D The user support index of IFR disclosure instruments

No. 1–6 (1 = Yes, 0 = No)

| | | | |
|--|--|---|----------|
| 1 | Help and frequently asked question | 3 | 0 |
| 2 | Link to homepage | 1 | 0 |
| 3 | Link to top | 1 | 0 |
| 4 | Sitemap | 1 | 0 |
| 5 | Site search | 3 | 0 |
| 6 | Consistency of web page design | 2 | 0 |
| 7 | Number of click to get financial information | 4 | 0 |
| (< 2 click = 1, more than 2 click = 0) | | | |
| <i>Total score</i> | | | <i>0</i> |

Total IFR index score

0