

Web-based Corporate Reporting: An Exploratory Study on the Bangladeshi Companies

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Abstract

Web based corporate reporting has received immense attention from academicians over the past few decades. However, there are very few studies that address such an interesting issue in the context of developing countries. In order to fill the vacuum, this study explores the current status of web based reporting practices of Bangladeshi listed companies. A content analysis was conducted on the web sites of 98 companies listed on Dhaka Stock Exchange (DSE). The results demonstrate that companies in Bangladesh, in general, report on issues such as company overview, products and services, investor relations, management and human resources, corporate social responsibility, corporate governance and financial aspects.

Key words: Web Reporting, Corporate Disclosures, Internet Based Reporting, Content Analysis, Bangladeshi Companies.

Introduction

Using Internet to communicate corporate information to the relevant stakeholders has become a common phenomenon these days. Over the years, because of the immense development in information technology Internet based reporting has gained popularity. According to Lymer (1999), the opportunities offered by the Internet have affected businesses dramatically. Stakeholders also create explicit and implicit pressures on businesses to go for web based reporting that is usable and can avoid time delay (Lymer, 1999). Also, corporate web sites are now considered as an important public relations tool (Capriotti and Moreno, 2007). For that reason, web sites are becoming an important medium of corporate reporting (Capriotti and Moreno, 2007). Moreover, as the Internet is interactive in nature, it cannot only disseminate information but can also help in generating a relationship between the stakeholders and the corporation (Capriotti and Moreno, 2007; Ryan, 2003; White and Raman, 1999). Moreover, web based communication can also help the organizations to create a corporate identity and enhance legitimacy of their activities (Coupland, 2006). Corporate web reporting, as a relatively new genre has received immense attention from academicians over the last decades (see Capriotti and Moreno, 2007; Lodhia, 2006; Coupland, 2006; Debreceny, Gray and Rahman, 2002; Isenmann and Lenz, 2002; Lymer, 1999). However, most of these studies are based on developed economies. The web reporting practices of the corporations of the developing or underdeveloped

economies did not get much attention in the prior literature. This study is an attempt to fill this gap.

Bangladesh's economy is one of the rising economies in the world, with a growth rate of approximately 6%-7% over the last couple of years. The main objective of this article is to explore the web based corporate reporting practices of the companies in Bangladesh. In order to do that, a content analysis of the websites of 98 sample companies listed in the Dhaka Stock Exchange (DSE) was conducted. The study contributes to the scant literature on web based reporting from the context of the Bangladeshi corporate sector.

Theory and Literature Review

Developments in information and communications technology allow business firms around the world to use web based reporting to disseminate corporate information. The increasing tendency of the company to voluntarily disclose web based information could be explained by two major theories. The first one is 'Agency theory' which explains why a company may voluntarily disclose information through the internet. By disclosing information on the web along with traditional paper based reporting, the management of the firm would like to gain the trust of the wider ranges of stakeholders (especially shareholders and creditors) and reduce the agency costs (Jensen and Meckling, 1976).

Another theory which could explain the tendency of the web based information disclosures of listed companies is 'Signaling theory' introduced by Spence (1973). This theory suggests that companies go for extensive web based disclosure in order to distinguish themselves from other counterparts in terms of quality and performance (Nurunnabi & Hossain, 2012).

The 'Cost-benefit hypothesis' is also considered to explain the disclosing decisions of an organization. According to this hypothesis, managers prefer to voluntarily disclose information when disclosure benefits exceed its costs (Boubaker, Lakhali & Nekhili, 2011). Web based reporting is usually considered less costly and more flexible compared to traditional paper based reporting.

A number of studies were conducted on web based corporate reporting over the past few decades. Most of these studies were focused on the corporate social responsibility reporting practices of the companies. Moreover, most of the studies on corporate web reporting were based on content analysis.

Some of the earliest studies on web based reporting include those by Esrock and Leichty (1998), Williams and Pei (1999) and Lymer (1999). Esrock and Leichty (1998) examined how big corporations (Fortune 500 companies) are portraying themselves as responsible citizens by using web pages. They found that these companies disclosed on community activities, environmental issues and education. Another early study on web based corporate disclosure is that of Williams and Pei (1999). This study was based on social disclosures and here an international comparison was conducted. The sample consisted of 172 companies from four different countries: Australia, Singapore,

Malaysia and Hong Kong. It was found that Australian and Singaporean companies disclose more on CSR issues in their web sites. Most of these web based disclosures are in narrative form. Also, companies mostly try to focus on information related to product and customers. Both of these studies were related to social and environmental reporting.

The study of Lymer (1999) is another of the earliest studies on web based reporting. The author introduced the idea of electronic corporate reporting from a European context. Other than a detailed literature review, the paper contained some other matters such as "issues that need to be considered by companies, accounting regulators and standard setters in determining how this form of reporting should develop in the future" (Lymer, 1999, p. 289).

Ilsenmann and Lenz's (2002) study was based on corporate web reporting on environmental matters. This study is mostly theoretical. The authors emphasized that technological development can create opportunities for environmental reporting. Ultimately this will help the companies to disseminate information in a better way. Moreover, it will help to improve internal and external communication. It will also help to identify the key stakeholder groups to whom the information needs to be communicated.

Patten and Crampton (2004) also focused on internet based environmental disclosure. The sample consisted of 62 US firms. The authors found that companies are reporting some additional non-redundant environmental information in the web pages and thus going beyond what is reported in the annual reports. However, according to the authors, most of this information is positive/neutral in nature. This represents the legitimacy seeking behaviour of the organizations.

Debreceeny, Gray and Rahman (2002), by taking 660 big companies from 22 countries as a sample, identified the determinants of internet financial reporting. They found that firm size and disclosure environment have an effect on reporting.

Coupland (2006) conducted a discourse/textual analysis of the web-based financial and CSR reports of five banking groups operating in the UK. The author concluded that: "Although it is evident that organizations are beginning to articulate a stance with regard to CSR, as increasingly more attention is being paid to social and environmental issues, simple articulation is no longer sufficient." (Coupland, 2006, p. 865).

Lodhia's (2006) study focused on the perceptions on web based environmental communication of the environmental and communication managers of three Australian mining companies. This was an interview based study. The respondents concluded that World Wide Web is an efficient medium of communication on environmental issues. The technological benefits help in disseminating the information to a wide range of stakeholders.

The study of Capriotti and Moreno (2007) analyzed the information on corporate responsibility in the corporate websites.

The authors focused on the importance that this kind of information received in these web sites. The interactivity of this information was also analysed. The authors conducted content analysis of the web sites of 35 companies in the Spanish Stock exchange. It was found that all of these companies reported on their social responsibility related activities in their web sites. The companies reported on issues such as corporate profile, governance, products and services, human resources, social actions, environmental issues, public relations and ethics. According to the authors, the CSR issues received enough importance from these companies.

Using the sample of the top 100 most active-traded companies listed in the Egyptian Stock Exchange, Aly, Simon and Hussainey (2010) found that 56 per cent of firms report a significant portion of information on their web sites. They argued that such reporting can be used as an effective tool for improving stakeholders' decision-making process.

Uyar (2011) conducted a study on the Istanbul Stock Exchange (ISE) to investigate the utilization of the internet by the Turkish companies listed for corporate reporting. He found that Firms, which are listed in the ISE Corporate Governance Index (XCORP), disclose significantly more information on corporate web sites compared to the firms that are not listed in the XCORP.

From this discussion it can be understood that most of these studies focused on a particular aspect of corporate web based reporting, i.e., social and environmental reporting. Moreover, most of these papers are based on developed economies such as USA, UK, Australia, Spain, Hong Kong, Singapore and others. In the context of Bangladesh, Nurunnabi and Hossain (2012) conducted a study on 83 listed companies in Bangladesh to

investigate the state of voluntary disclosure of internet reporting in Bangladesh. They found that only 33.34 percent (28) of companies provided web based information. However, their paper was narrowly focused on financial information. The present study, therefore, rather than focusing on any particular aspect of corporate web reporting, goes for a holistic approach. That means, it explores all the issues that are generally presented in the web based reporting. Moreover, rather than focusing on the practices of the corporate sector of developed economies, this study focuses on a developing economy - Bangladesh. Thus, this study contributes to the scant literature on web based corporate reporting of the developing countries.

Methodology of the Study

The objective of the study (i.e., exploring the current status of web based corporate reporting in Bangladesh) was fulfilled by conducting content analysis of the web sites of 98 sample companies listed in Dhaka Stock Exchange (DSE). The sample companies belong to different sectors (Figure 1). The data was collected from the respective official web sites of the companies from February 07, 2017 to April 27, 2017.

Findings

It was found that the companies have reported on the following issues in their web sites:

Company overview

The sample companies have reported on issues such as vision and mission statements (52%), background (89%), sister concern/subsidiary/parent company (47%), achievement/certificates (39%) and company profile (40%). The data is presented in Table 1.

Figure 1: Industry-wise Sample Firms Distribution

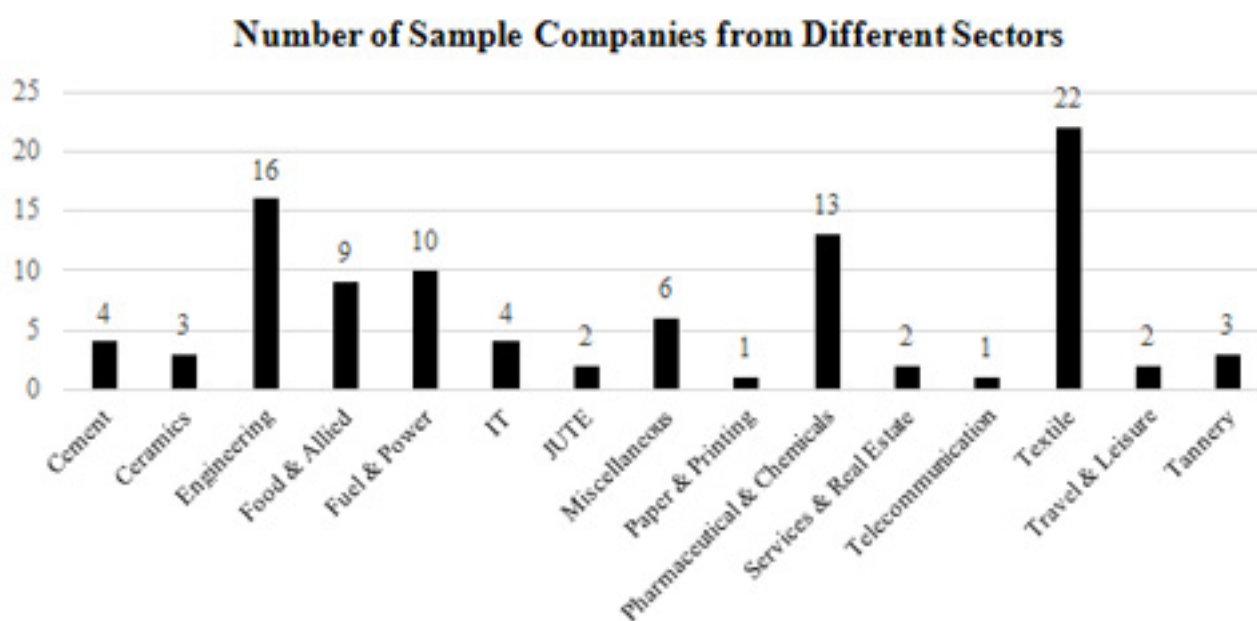


Table 1: Disclosure on Company Profile

Items	Number of companies (n=98)	Percentage
Vision And Mission Statement	51	52%
History/ Background	89	91%
Sister concern/ Subsidiary/ Parents	46	47%
Achievement/ Certificate	38	39%
Company Profile	39	40%

Company's Products and Services

In terms of products and services, the sample companies reported on issues such as the name of the product (84%), information on the ingredients (14%), the types of products the company is offering (78%), product quality (37%) and research and development (11%). The data is presented in Table 2.

Table 2: Disclosure on Company's Products and Services

Items	Number of companies (n=98)	Percentage
Name of Products	82	84%
Ingredients	14	14%
Types of Products	76	78%
Quality	36	37%
Research And Development	11	11%

Investor Relations

The companies have reported on their investor relations. On this issue they have disclosed on share related information (33%), news and announcement (68%), information on dividend payment (41%), media/gallery where they share information and photos of memorable events (44%) and price sensitive information (81%). The data is presented in Table 3.

Table 3: Disclosure on Investor Relations

Items	Number of companies (n=98)	Percentage
Share related information	32	33%
News & Announcements	67	68%
Dividend payment info	40	41%
Media/gallery	43	44%
Price Sensitive Information	79	81%

Career and Contact Information

The sample companies also highlighted their career and contact information in the web sites. The web sites contain information about the company (87%), the contact phone numbers (93%), contact person (20%), location/address (88%) and job opportunities (50%).

Table 4: Disclosure on Career and Contact Information

Items	Number of companies (n=98)	Percentage
About company	85	87%
Contact Phone & Others	91	93%
Contact Person	20	20%
Location/ Address	86	88%
Job Opportunities	50	51%

Corporate Social Responsibility

The companies mentioned some Corporate Social Responsibility issues in their web sites. These include: health and safety (31%), contribution to education (17%), contribution to employment generation and manpower development (17%), contribution to environmental protection (18%) and contribution to other social welfare (31%).

Table 5: Disclosure on Corporate Social Responsibility

Items	Number of companies (n=98)	Percentage
Health & Safety	30	31%
Contribution to Education	17	17%
Contribution to Employment/ Manpower	17	17%
Contribution to Environment Protection	18	18%
Contribution to other Social Welfare	30	31%

Corporate Governance

The sample companies disclosed information on their corporate governance initiatives. The main issues that are reported include corporate governance statement (17%), shareholding pattern (55%), director's report (50%), certificate of corporate governance (14%) and compliance status (49%).

Table 6: Disclosure on Corporate Governance

Items	Number of companies (n=98)	Percentage
Corporate governance statement	17	17%
Share Holding Pattern	54	55%
Director's Report	49	50%
Certificate of corporate governance	14	14%
Compliance status	48	49%

Information on Management

The sample companies disclosed some information on management. These include: names of the directors (82%), names of the managers (50%), details of the directors (53%), details of the managers (22%) and the organogram (6%).

Table 7: Information on Management

Items	Number of companies (n=98)	Percentage
Name of Board of Directors	80	82%
Name of Managers	49	50%
Details of Directors	52	53%
Details of Managers	22	22%
Organogram	6	6%

Financial Performance

In terms of financial performance, the sample companies presented their quarterly/half yearly financial statements (88%), annual reports (83%), annual reports for five years (48%), credit rating (7%) and ratio analysis (17%).

Table 8: Disclosure on Financial Performance

Items	Number of companies (n=98)	Percentage
Quarterly/ Half Yearly Financial Statements	86	88%
Annual Report	81	83%
Annual Reports for 5 years	47	48%
Credit Rating	07	7%
Ratio Analysis	17	17%

Conclusion

The main objective of this study was to explore the current state of web based corporate disclosure from the context of Bangladesh. It was seen that the companies in Bangladesh are disclosing several items of information in their web sites. These include information related to company overview, products and services, investor relations, career, corporate social responsibility, corporate governance and financial aspects. Identifying these areas of disclosure can be considered as the main contribution of this study. However, this study has several limitations. Firstly, the sample size was small as the main purpose of this study was exploration. Secondly, the sample did not consider companies of some important sectors such as banking and financial institutions.

Future researchers can conduct their studies by taking a larger sample and considering all the sectors in their study. Moreover, they can also examine the determinants of web based corporate disclosures.

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