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Determinants of internet financial reporting: In the case of Ethiopian insurance and banking sector companies

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Abstract

This research aims to examine the determinants of company's internet financial and non-financial disclosure extent. Specifically, this study examined the effect of company's profitability, leverage. age, size, business type, liquidity and ownership structure on the internet financial reporting practice. To investigate the effect of such factors, cross sectional data were used from national bank of Ethiopia and from private banks' audited annual report. To analyze the data, both descriptive and regression analysis were used through STAT Aversion 15, and Ordinary List Squire Estimation technique was applied. The results of the OLS regression model indicate that profitability, size and ownership structure have statistically positive effects on internet financial reporting practice. On the other hand, this study result suggests that, liquidity and leverage have significant negative effects on Ethiopian banking and insurance sector companies internet financial reporting practice, however age and business types performed have insignificant positive and negative effects on the internet financial reporting practice respectively.

Key words: 1. Disclosure 2. Internet 3. Financial reporting

1 Introduction

In this new world of digital business,internet has become a significant medium of distributing both financial and non-financial information for a growing numbers of listed firms around the world(Saher, 2014).

According to Debreceny et al., 2001, the rapid evolution and widespread adoption of Web-based financial and non financial business information reporting to the information users has captured the interest of the accounting profession in several parts of the world. Nowadays for many companies having and properly utilizing high quality and effective website has become one of the main strategic priorities for the disseminating of their information (Al-Debei, 2014). Thus, in the digital business the rapid growth of internet technology has made it possible for companies to directly and immediately disclose their financial and non- financial information to fulfill user needs world- wide (Alarussi et al., 2013).

In addition to this Xiao et al., (2002), argued that internet financial reporting helps the companies to gain many benefits such as global marketing, to minimize the costs of distributing hard copy financial statements, to communicate information more broadly and rapidly and less expensively and to facilitate interactions with stakeholders across the world.

However, in current real practice most of Ethiopian companies have no quality and effective websites to disseminate their information to world-wide users. Several prior empirical investigations conducted to investigate the extent of firms internet financial reporting practices and the determinants of internet financial reporting in different social, political and economic environments(Saher, 2014). Moreover, most of these studies were conducted in developed countries including USA (Debrecency et al., 2002; Ashbaugh et al., 1999), U.K (Craven and Marston, 1999), Australia (Pirchegger and Wagenhofer,1999), Germany (Marston and Polei, 2004), Japan (Marston, 2003) and Cyprus (Andrikopoulos, and Diakidis, 2007).

This study provides insights in to the use of internet for the dissemination of financial and non-financial information by Ethiopian companies in order to explain the variability of firms in the reporting practices. Therefore the main purpose of this study is to examine the association between the dependent variable of IFR (with a measurement of un-weighted disclosure index) and key firm characteristics (the explanatory variables of size of the company, leverage, profitability, ownership structure, business type, age and liquidity).

2 Literatures review and hypotheses development

Many theoretical and empirical literatures support the disclosure of firms financial information on the internet can be categorized as mandatory or voluntary. This study is concerned with the determinants of voluntary disclosure of the financial information by firms on the Internet. As of many scholars findings different company characteristics were considered as determinate factors of IFR such as; company's size, internationality, business type, profitability, leverage, liquidity, ownership structure and thecompany's age (Laila & Amani). In addition studying these determinants over firms IFR can be supported using various theories in the area such as: diffusion of innovation theory (DOI), agency theory, signaling theory, corporate governance theory, cost benefit analysis theory and legitimacy theory. Aly (2008), on his empirical investigation argued that, there were few studies on companies IFR, that use a theoretical framework to explain the determinants for firms internet financial disclosure. In this study the researcher employed the most important theories that are significantly aligned with firms IFR such as: agency theory, signaling theory and diffusion of innovation theory (DOI).

Agency theory

Agency theory was initially introduced by Michael C. Jensen and William H. Mecklingin 1976. Agency theory argued that managers may not always seek to maximize shareholders wealth, because some managers my seek to the maximization of their personal interests at the cost of principals (Namazi, 2013). According to Aly et al., (2010), in order to minimize the agency costs that are paid to an agent on the behalf of the principal companies should increase the amount of information disclosed to their audiences. Moreover this theory argued that IFR is considered as a mechanism to control manager's action and protects shareholders. Therefore this theory can be concluding that a company's credibility increases by disseminating financial information leading to decrease agency costs.

Diffusion of innovation theory (DOI)

Diffusion of innovation theory (DOI)theory was initially introduced by Rogers (1962), concerned with the manner in which a new technological idea, artifacts, or the new use of an old one, migrates from creation to use. According to this theory Internet Reporting is one of the current era innovations to disseminate the company's information to their world- wide users. Therefore, according to Rogers (1962) ideas, the rate of adoption of IFR is dependingupon howorganization perceives the characteristics of DOI theory.

Signaling theory

According to Brigham and Houston (2013: 503), signaling theory is an action taken by a company's manager to signal/message/ to potential investors about the company's image and prospects in the future. Signaling theory is also argued that companies can increase their value in the form of promoting and announcements of published financial and non financial information. Therefore this theory can be concluding that IFR can provide an overview of the companies true and timely prospects and which makes managements able to explain the condition of the company's image to world-wide audiences (Celik, Ecer, and Karabacak (2006); Almilia (2009); Agboola and Salawu (2012); Soliman (2013);Aqel (2014); Dolinšek et al. (2014).

Based on previous research findings and the agency cost theory arguments, the large companies have a higher tendency of disclosing information than small companies. Therefore, standing with these arguments the researcher is hypothesized that:

H1: there is a positive association between company's size and internet financial reporting.

Company's profitability

Profitability of company is one variable that shows the result of the company's productivity in their operations in the current period (Brigham and Houston, 2013: 527). In most of empirical studies conducted before profitability was assessed using different measurements, such as return on equity (ROE), return on assets (ROA), return on investment (ROI), and earnings per share (EPS).Prior empirical studies conducted internationally revealed that high level of firms profitability motivates management to disclose more information to the audiences through IFR in order to signal their success and strength to potential foreign investors and market participants, to strengthen their management position and, in turn, to justify management's compensation (Inchausti, 1997, Oyelere et al. : 2003: Singhvi and Desai, 1971). However, other researchers support that companies with lower profits are expected to restrict access to information to determined users (Craven and Marston, 1999). Therefore, standing with these arguments the researcher is hypothesized that:
H2: there is a positive association between company's profitability and internet financial reporting.

Company's age

Company's age represent the length/duration of the company in business environment. Several researchers studied that the association between IFR and firms age in the business environment and they were suggested that there is a significant negative relationship (Qasim, and Roberts (2012); Oyelere et al.: 2003: and Alarussi et al., (2009)). In addition Flanagin (2000); and Haniffa and Cooke (2002) suggested that new companies in the business environment have an incentive to use IFR as a primary strategy to attain a comparative advantage over their competitors and newer companies in the business environments are more likely to disclose their financial information on the internet to create confidences for their world-wide audiences. On the other hand, empirical investigations conducted by Yao et al. (2012); Umoren and Asogwa (2013); and Hannon (2014), implies that there is no association between company's age and its level of information disseminating through IFR. Therefore, standing with these arguments the researcher is hypothesized that:
H3: there is a negative association between company's age in the business environment and internet financial reporting.

Company's liquidity

Previous several studies has tested the relationship between firms liquidity and the level of IFR, and the studied results revealed that there is a significant positive relationship existed between the two variables(Oyelere et al. 2003).

In addition study conducted by Agboola and Salawu (2010) indicated that a company's liquidity is a significant variable that affects the level of web-based financial practices., but on the other hand, the empirical study findings also suggested that IFR is not affected by the company's liquidity level such as (Aqel, 2014);Hossain et al. (2012)). Therefore, standing with these arguments the researcher is hypothesized that:
H4: there is a positive association between company's liquidity in the business environment and internet financial reporting.

Company's leverage

The study conducted by Debrecency et al. (2002), a sure that in order to reduce agency costs firms with high debt to equity ratio will voluntarily disclosed more information on the internet to satisfy their investors need. Xiao et al. (2004. More over the agency theory argues that companies with a high leverage ratio have a greater stimulus to provide more disclosures (Almilia, 2009). However the empirical study conducted by Aly et al. (2010),

indicates that a company's leverage does not affect IFR practices. Therefore, standing with these arguments the researcher is hypothesized that:

H5: there is a positive association between company's leverage in the business environment and internet financial reporting.

Company's ownership structure

Based on many literatures review elements of the ownership structure are managerial ownership, institutional ownership, public ownership and private ownership (Fatkhatul& Mega, 2019). Yao et al. (2012) conducted a study in Bangladesh using a sample of 83 companies which examined the relationship between IFR and ownership structure and the findings denote that ownership structure has a significant effect on IFR.

Agboola and Salawu (2012) in their investigation found out that a company with dispersed ownership has a greater tendency to adopt IFR than company with lesser ownership dispersion. Therefore, standing with these arguments the researcher is hypothesized that:
H6: there is a positive association between company's ownership structure in the business environment and internet financial reporting.

Company's business type

The company's business type refers to what the sampled companies perform in the business environment, from various empirical investigations result we understand that financial service and insurance related companies are highly expected to provide their financial and non-financial information through internet.

H7: there is a positive association between company's business type in the business environment and internet financial reporting.

3 Research Methodology

This part of the study details with the study population and sample, sources of the data and measurement of dependent and independent variables.

Target population and sample

This study population consists with banking and insurance sector companies listed on the national bank of Ethiopia, and the samples used in this study were banking and insurance

sector companies for the period 2019 and only meet the sample criteria. To select the actual representatives of the population the researchers was used purposive sampling method. The criteria for the determinations of simple size includes; the banking and insurance sector companies that have official website that can be accessed by the public, the banking and insurance sector companies that issued audited annual financial statements for the period 2019 and the banking and insurance sector companies that have the data and information needed by researchers related with the research.

Data and sources

For the investigations of internet financial reporting determinants of Ethiopian banking and insurance sector companies the study was used secondary data. Most of the data were collected from secondary sources such as audited financial statements and annual reports. The data were obtained from the company's 2019 annual reports, since 2020 annual reports were not yet published and accessed by most of the sampled companies.

Research variables and measurements

Internet financial reporting and the constructions of disclosure index

The dependent variable used in this study is internet financial reporting, it is the disclosure of both the firms financial and non financial information needed through their official website to their global audiences. Because the information presented on the company's official website can be accessed by anyone anytime and anywhere at a lower cost. For the measurements of IFR many previous studies has used voluntary disclosure checklist in different economic environments (Xiao et al., 2004; Cooke., 1992; Pirchegger and Wagenhofer., 1999 and Ettredge et al.,2001). However for the measurement of IFR this study adopts the methodology used by (Bonson and Escobar. 2006), they adopts and used un weighted disclosure index consists of 44 listed items to assess the extent of companies IFR practices.

For the assessment of banking and insurance companies extent of IFR practice in Ethiopia, in this study un weighted disclosure indexes only has been used. Because the un weighted disclosure index does not focuses on a single user group (Bonson and Escobar. 2006). Therefore, if the sampled company disclose item of information which is included in the disclosure index on the internet it received a score of 1 and if the sampled company did not disclose the item a score of 0 was given. As a result in this study only un weighted disclosure index was used and the discloser index of each sampled bank and insurance companies were calculated by dividing the actual scores obtained by the maximum possible scores.

Table 1 Study variables with their measurement and symbols

Variables		Measurement	Symbol
Dependent variable	Internet Financial Reporting Disclosure Index	$\sum\left(\frac{\text{Actualscoresobtainedbythesampledcompanies}}{\text{Maximumposiblescores}}\right)$	IFRDI
Independent variables	Firm size	Natural log of total assets	Lsize
	Firm age	Year of operation	age
	Firm leverage	$\frac{\text{totaldebt}}{\text{totalassets}}$	leve
	Firm liquidity	$\frac{\text{currentassets}}{\text{currentliabilities}}$	lequ
	Firm profitability	$\frac{\text{netincomeaftertax}}{\text{totalassets}}$	pro
	Ownership structure	(1) If the company is privately owned company, (0) otherwise	ownship
	Business type	(1) If the company is bank, (0) otherwise	btype

Compiled by the researcher

4 Model specification

In this study the data were analyzed through the use of both descriptive and inferential statistical analysis method and classical assumption (normality test, multicollinearity test, and heteroscedasticity test), also were checked accordingly with the resent testing models. To test the relationship between IFR and its determinants, researcher performed ordinary least squares (OLS) regression. The equation model used in this study is:

$IFRDI_i = ß0 + ß1Fsize_i + ß2Fage_{i+} ß3Flvge_i + ß4Flqdy_i + ß5Fpfby_i + ß6Fowst_i + ß7Fbtp_i + U_i$

Where,

IFRDI$_i$= Represents the dependent variable, which is internet financial reporting disclosure index

$\beta_{0=}$	**Represent a constant or intercept term and β_1... β_7 represent slope coefficients.**
I	Stands for the i^{th} cross-sectional unit .
U_{it}	Disturbance or the error term

5 Results of analysis and discussion

Descriptive statistics

Table 2, Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
IFR	29	.5237931	.0929444	.35	.69
pro	29	6.854138	14.56152	.3	81.5
lequ	29	40.59138	21.57455	12	88.5
leve	29	66.69793	19.80946	19	90.1
LSize	29	22.10906	1.721618	19.53	25.8583
age	29	23.58621	21.0671	7	119
ownship	29	.8275862	.3844259	0	1
btype	29	.6206897	.493804	0	1

Source: STATA 15 output

According to table 2 the mean value of IFR in the sampled companies is 52.3%, this average is low which means many (47.7%) of Ethiopian banking and insurance companies were not capable of utilizing their website and failed to provide adequate financial and non financial information to their international audiences. The mean value of IFR is consistent with Hossain et al. (2012) 0.529 in Qatar, with a maximum and minimum value of .69 and .35 respectively. On the other hand for the independent variables, table 2 shows 62% of the sampled companies were performed banking activities, and 82.7% of the sampled companies were privately owned companies. Additionally the mean value of liquidity is 40.59, which suggesting that the company's current asses are sufficient to cover their current liabilities.

Correlation analysis

Table 3 correlation matrix

	IFR	pro	lequ	leve	LSize	age	ownship	btype
IFR	1.0000							
pro	0.0330	1.0000						
lequ	-0.2887	0.1363	1.0000					
leve	-0.1113	-0.2110	-0.1927	1.0000				
LSize	0.4050	-0.3449	-0.4212	0.2616	1.0000			
age	0.0140	-0.0906	-0.3597	-0.0923	0.4178	1.0000		
ownship	0.1989	-0.4419	0.2043	0.3400	-0.0756	-0.6353	1.0000	
btype	0.4527	-0.3740	-0.2129	0.0021	0.7425	0.0256	0.2076	1.0000

Source: STATA 15 output

As table 3 indicated above profitability, size, age ownership structure and business type of banks and insurance companies in Ethiopia were positively correlated (with a coefficient of .033, 0.40, .01, .19 and .45 respectively) whereas, leverage and liquidity were negatively correlated (-.28 and-.11cofficients respectively) with their internet financial disclosure.

Finally, the correlation analyses among the independent variables were discussed in the classical linear regression model assumptions of multicollinearity problem test.
\

Econometric model specification tests

In this study researchers were used cross sectional data to investigate what are the determinants factors affecting companies IFR. In addition to this, this model specification test is important to answer does the dependent variable or independent variable have to be transformed? Or is there any important variable omitted or an irrelevant variable included in the model? Therefore, the appropriate model specification test conducted for this study is presented below.

```
Ramsey RESET test using powers of the fitted values of IFR
       Ho:  model has no omitted variables
                  F(3, 18) =      0.81
                  Prob > F =      0.5050
```

Source: STATA 15 output

As presented above, the STATA version 15 output reveals that our regression model is correctly specified, since the **ovtest**result, fails to reject the null hypothesis of no omitted variables, indicating no model specification error in the study.

Diagnostic tests for classical linear regression model (CLRM) assumptions

Before proceed to the result of regression analysis, diagnostic tests were carried out accordingly to check whether the data in the model fits or not the basic classical linear regression model assumptions. From the many of CLRM assumptions that need to be satisfied Zero mean value of disturbance, Normality of residuals, No perfect multicollinearity, and Equal variance of disturbance were tested in this study accordingly.

Zero mean value of disturbance (errors) assumption

According to brooks (2008), this CLRM assumption will never be violated, if there is a constant term in the regression model. As a result a constant term is added in the regression model of this study to satisfy the CLRM assumption of zero mean value of disturbance.

Test for normality assumption

The normality of residuals is only required for valid hypothesis testing, hence the normality assumption of residuals assures that the p-values for the T-tests and F-test will be valid in the regression. In this study Shapiro wilk test (with swilkstata command) was used to test the normality distribution of residuals with the null hypothesis of residuals are normally distributed against not normally distributed in the alternative hypothesis and the test results presented below.

Shapiro-Wilk W test for normal data

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
residualhat	29	0.98634	0.423	-1.773	0.96188

Source: STATA 15 output

The result of this Shapiro-Wilk W test shows that Prob>z = 0.96188 which is statistically insignificant, indicating that the null hypothesis was not to be rejected, confirming that the residual was normally distributed.

Test for Multicollinearity assumption

In this study variance inflation factor (vif) stata command was used to check the prevalence of multicollinearity in the model and the test results presented below accordingly. As a rule of thumb, a variable its vif values greater than 10 considered as collinear variable and it needs farther investigation.

Variable	VIF	1/VIF
LSize	5.24	0.190711
btype	4.13	0.242284
ownship	3.38	0.295602
age	3.03	0.329786
pro	1.87	0.533372
leve	1.81	0.551082
lequ	1.33	0.749661
Mean VIF	2.97	

Source: STATA 15 output

According to the result of vif test above, all explanatory variables included in the regression model are not perfectly linearly related. Therefore, the result suggesting that no multicollinearity problem in the model (i.e. explanatory variables are not perfectly linearly correlated with one another).

Heteroscedasticity test (Equal variance of u_i)

Breusch-Pagan / Cook-Weisberg test was used with the null hypothesis of homoscedastic error variance against the alternative hypothesis of heteroscedastic error variance and the test results presented below accordingly.

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of IFR

         chi2(1)      =     0.16
         Prob > chi2  =   0.6878
```

Source: STATA 15 output

The Stata output reveals that, in this investigation given the value of any explanatory variable the variance is the same for all observations (means the variance of u_i for each x_i is the same).

Results of Multiple Linear Regression and Discussion

To find out the significant determinants of Ethiopian banks and insurance sector companies internet financial reporting of OLS estimation model was used and which is indicated below:

Table 4 OLS model regression results

Source	SS	df	MS	Number of obs	=	29
				F(7, 21)	=	3.89
Model	.136528614	7	.019504088	Prob > F	=	0.0072
Residual	.105354145	21	.005016864	R-squared	=	0.5644
				Adj R-squared	=	0.4193
Total	.241882759	28	.00863867	Root MSE	=	.07083

IFR	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
pro	.0036213	.0012587	2.88	0.009	.0010037	.0062389
lequ	-.0013614	.0007166	-1.90	0.071	-.0028516	.0001288
leve	-.0022364	.0009102	-2.46	0.023	-.0041293	-.0003434
LSize	.0314333	.0178038	1.77	0.092	-.0055917	.0684583
age	.0009221	.0011064	0.83	0.414	-.0013788	.003223
ownship	.2070819	.0640429	3.23	0.004	.0738974	.3402664
btype	-.0031725	.0550707	-0.06	0.955	-.1176982	.1113533
cons	-.1827235	.3460155	-0.53	0.603	-.9023021	.5368551

Source: STATA 12 output

***, ** and * indicates that significance at 1%, 5% and 10% level of significance respectively

IFR= -.1827235 +. 0036213***pro + -.0013614 *lequ + -.0022364 **leve+ .0314333*size +.0009221age+ .2070819 ***ownship+ -.0031725 btype

Table above presents OLS model regression results on internet financial disclosure and its factors.

The coefficient of determination (R^2) measures the proportion of the variation in dependent variable explained by the independent variables jointly. R^2 talk about the joint significance of the independent variables (profit, liquidity, leverage, age, size, and ownership structure and business type) to explain the dependent variable (IFR) in the model. Therefore, the R^2 value of about 0.5644, means that about 56.4% of the variation in internet financial reporting of Ethiopian banks and insurance companies is explained by p profit, liquidity, leverage, age, size, ownership structure and business type jointly. However, the remaining 43.6% variations in internet financial reporting of Ethiopian banks and insurance companies are explained by other explanatory variables these are not included in the model.

Furthermore, F- statistics (0.0072) also indicates that all explanatory variables included in the model jointly, significantly explain the variation of internet financial reporting of Ethiopian banks and insurance companies.

The OLS estimation result above also indicates the intercept value of about -.1827235, means that if the value of all explanatory variables were fixed at zero, the mean internet financial reporting of Ethiopian banks and insurance companies would be about -.1827235.

The regression coefficient of profitability indicated in table 4 above is positive (.0036213) at 1% level of significance. .0036213 is the partial regression coefficient of profitability and tells us that with the influence of all other explanatory variables held constant, as profitability increases, say, by a Birr, on average, firms internet financial reporting practice goes up by .0036213. The result revealed that the company's profitability and IFR practice have a significant positive association (profitability is an important determinant of company's IFR practice) and which is consistent with several studies (Inchausti, 1997, Oyelere et al. : 2003: Singhvi and Desai, 1971). Therefore, the researcher fails to reject the null hypothesis of there is a positive association between company's profitability and internet financial reporting practice.

The regression coefficient on leverage indicated in table 4 is negative (-.0022364) at 5% level of significance. -.0022364 is the partial regression coefficient of leverage indicates that when the company's leverage ratio increases, companies internet financial reporting practice will decrease by -.0022364 holding all other independent variables effect constant. The result revealed that the company's leverage and IFR practice have a significant negative association (leverage is an important determinant of company's IFR practice).

Because leverage shows the extent to which the company depends on creditor's capital in financing the company's assets. A significant negative effect of leverage is consistent with several previous studies (Aly et al. 2010, Singhvi and Desai, 1971).) but it is disagree with the agency theory. Therefore, the researcher fails to accept the null hypothesis of there is a positive association between company's leverage in the business environment and internet financial reporting practice.

The regression coefficient on liquidity indicated in table 4 is negative (-.0013614) at 10% level of significance. -.0013614 is the partial regression coefficient of leverage indicates that when the company's liquidity ratio increases, companies internet financial reporting practice will decrease by -.0013614 holding all other independent variables effect constant. The result revealed that the company's liquidity and IFR practice have a significant negative association (liquidity is an important determinant of company's IFR practice). Because if there is excess cash in the firm or higher liquidity ratio is a signal of firms lack investment alternatives. A significant negative effect of liquidity is inconsistent with the agency theory and Agboola and Salawu (2010). Therefore, the researcher fails to accept the null hypothesis of there is a positive association between company's liquidity in the business environment and internet financial reporting practice.

The regression coefficient of size indicated in table 4 above is positive (.0314333) at 10% level of significance. .0314333 is the partial regression coefficient of profitability and tells us that with the influence of all other explanatory variables held constant, as size measured by natural log of total assets increases, say, by a Birr, on average, firms internet financial reporting practice goes up by .0314333. The result revealed that the company's size and IFR practice have a significant positive association (size is an important determinant of company's IFR practice). This shows that large companies tend to have a high index of Internet Financial Reporting (IFR). Because Large companies have a deeper awareness of using technology, especially the internet, to facilitate investors in obtaining complete financial and non-financial information and the result is consistent with several studies (Riyan and Rina (2017), Reskino and Nova (2016), Yosafat and Yulius (2013), Hany and Anis (2012), and Mellisa and Soni (2012)). Therefore, the researcher fails to reject the null hypothesis of there is a positive association between company's size and internet financial reporting.

For the company's age the regression result above indicates that when the company's listing age in the business increases, the internet financial reporting practice will increase by .0009221 holding all other independent variables constant. Even the result revealed that company's listing age in the business and IFR has insignificant association, when the company's age increases by one year the company's IFR practice will increases by

.0009221. on the other hand This indicates that older firms are less likely to disclose financial information on their websites.Since, a company with the highest listing age in the business environment has the capability of utilizing technology. Therefore, the researcher fails to reject the null hypothesis of there is a positive association between company's age and internet financial reporting practice.

The regression coefficient of ownership structure indicated in table 4 above is positive (.2070819) at 1% level of significance. This indicates that when the ownership structure changes from the government owned to private owned the company's internet financial disclosure practice will increase by .2070819 with the influence of all other explanatory variables held constant. This means that company's ownership structure is one of the significant variable on firms internet financial disclosure practice (Agboola and Salawu (2012).Therefore, the researcher fails to reject the null hypothesis of there is a positive association between company's ownership structure and internet financial reporting practice.

Moreover, the regression coefficient of business type indicated in table 4 above is negative (-.0031725) and insignificant. The result of this study indicates that the banking and insurance sector business involvement not affect the company's disclosure of complete financial and non-financial information through internet financial reporting. Therefore, the researcher fails to accept the null hypothesis of there is a positive association between company's business type and internet financial reporting practice.

6 Conclusions and Recommendations of the study

The purpose of this final part of the study is to summarize the findings of the study and finally based on findings to provide some recommendations to the concerned bodies.

The result of the regression analysis showed that profitability is a significant factor that determines Ethiopian banking and insurance sector companies of internet financial reporting practice. This positive and significant regression result indicates that when the company's profitability level increases their internet financial and non financial reporting practice also increase as appositive signal for the company's performance.

The findings show that the, company's size as measured by the natural log of total assets is significantly associated with the internet financial reporting practices. This positive and significant regression result indicates that large companies tend to have internet financial reporting practice, since large companies have deeper awareness than small companies in regarding to the use of technology especially the internet to facilitate investors in obtaining complete financial and non financial information.

The outcome of the OLS regression model analysis again showed that companies' ownership structure is a significant determinant of companies' internet financial reporting

practices (measured by disclosure index). This positive and significant regression result revealed that companies with private ownership structure have more interest to internet financial reporting practice than companies with other than private ownership structure.

The finding of the study shows a negative significant association between Ethiopian companies internet financial reporting (measured by disclosure index) and the two independent variables such as leverage and liquidity. Since companies perceived that firms with high leverage or debt ratio is a signal of the companies' dependency on creditor's capital in financing the company's assets. However, the finding of the study shows there is no significant relationships between internet financial reporting practices (as measured by disclosure index) companies listing age in the business and companies business type involvement.

Based on the result of this study the researcher suggest that future research will be conducted in all sector companies with both internal and external factors of Ethiopian companies internet financial reporting practice.

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