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Internet financial reports (IFR) and the associated technology are considered among the most technical issues in Libya financial organizations that encouraged the current study, to better understand the future of financial report users. This has gained widespread acknowledgement in the current literature in recent years, where it became a significant phenomenon in practice. Several kinds of studies on IFRs in several areas have been done in developed countries, while IFR and some factors such as technology (Internet) are still not studied enough in developing countries, especially in public organizations in Libya. This study provides exploratory insight into identifying the aforementioned factors, which may affect the users of financial reports.

**Keywords:** Internet Financial Reports, Technology, Financial Report User System, Public Organization, Libya

**INTRODUCTION**

Information technology plays a key role in removing the constraints of time and place and causes information to become available to users more quickly and satisfactorily (Salehi and Torabi, 2012). The widespread use of information via the Internet for various companies, available in digital form, the development of science and technology, and the exchange of information on the Internet makes it easier to arrange all of life's activities (Grey and Trireksani, 2012). This exchange improves the global economy while creating new challenges and new jobs. No matter how people try to ignore these technological changes, one sees their importance everywhere, reflected in the daily operation and development of technology-based services (Brooks et al. 2010).

Due to globalization, the world is becoming more like a small village (Bin Ali, et al. 2011). The technology, cultures, organizations, and economies around the world can be easily shared because they are interrelated and interdependent. In fact, the number of people using the Internet to access information has increased, including investors, analysts, and stakeholders (Oyelere and Kuruppu, 2012) Moreover, financial information on the Internet is useful in making investments and other business decisions (Bin Ali, et al. 2012). The Internet provides excellent opportunities for companies to enhance the preparation of reports for investors and other stakeholders and to provide more information for better analysis (Lipungu, 2014) The Internet provides an efficient means for companies to improve communications with individual financial investors, increase accessibility of financial and non-financial information, decrease costs associated with distributing hardcopy information, and increase the frequency of information disclosure (Ojah and Mokoaleli-Mokoteli, 2012).

**Financial Reporting Users**

Financial reporting plays a major role in companies, as it reflects the efficiency and effectiveness in the management of the company and the work done by the company (Agboola and Salawu, 2012). The main objective

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of financial reporting is to provide high-quality, first-hand information on economic and financial entities, useful in the process of economic decision-making [Nel, 2004, Whittington, 2010]. The provision of high-quality financial reporting information is necessary because it will positively affect capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions that strengthen the overall efficiency of the market [Beest, et al. 2009]. Besides, the main objective of the information and data published is “to communicate the company’s economic measurements and information about resources and the performance of an entity is useful for countries that have reasonable rights to such information.” In the new economy, companies in an attempt to convey to the stakeholders to be a sound investment and an effort to highlight the good value of the company through the disclosure of relevant information in the annual reports [Alhazaimeh, et al 2014].

In addition to the above, the financial report plays a major role in business, as it reflects the efficiency and effectiveness of business management and the work undertaken by the company. Financial information is important to investors, management, and shareholders in government and business. The financial statements of the organization affect all stakeholders, including governments, creditors, investors, accountants, and the general public. Over the years, the focus has been on evaluating the financial aspects of the accounting quantity of data and information [Hirshleifer and Teoh, 2003]. Financial reporting is also a means of alleviating the problems of the agency [Graham et al. 2005]. Financial reporting involves the disclosure of financial information to management and the public (if the company is publicly traded) about how the company is performing over a specific period of time [Dolinsek et al 2014, Costello, 2011].

Thus, financial reporting serves two main purposes. First, it helps management to engage in effective decision-making on the company’s overall goals and strategies. The data disclosed in the reports can assist in identifying the strengths and weaknesses of the company management, as well as the overall financial health. Second, the financial report provides vital information about the health and activity of the company for shareholders, including shareholders and potential investors, consumers, and financial and government regulators. It is a way to ensure that the company is managed appropriately. The next section highlights the different types of financial report users of accounting information [Baygi, et al. 2015, Yassin, 2017].

Owners and investors

Joint stock companies need financial information to help them make investment decisions. Potential investors need information to assess the company’s potential for success and profitability. Small business owners need financial information to determine whether the company is profitable and whether it will continue to improve or drop it.

Management

In small companies, the administration may include the owners. In large organizations, however, management consists of professionals hired who are entrusted with the responsibility of the Department of Labour or part of the work. They act as agents for the owners.

Managers

The financial statements are required to manage the affairs of the company, evaluate the financial performance, and make important business decisions.

Lenders

Money lenders, such as banks and other financial institutions, are those interested in the company's ability to repay its obligations when due (solvency).

Trade creditors or suppliers

Lenders and trade creditors or suppliers are interested in the company's ability to repay its obligations when due. However, special attention is also paid to the company's liquidity, their ability to pay short-term obligations.

Government

The financial statements are also required to determine the validity of the tax declared in tax returns. The government keeps on the path of economic progress through the analysis of financial statements of the companies in the various sectors of the economy.

Employees

Financial statements are also used to evaluate the profitability of the company in order to emphasize the future wages and job security for employees.

Customers

Customers use financial statements to assess whether the supplier has the resources to ensure a steady supply of commodities in the future. This is vital especially where the customer can depend on the resource component specialist.

General Public

The general public is interested in the impact of the company on the economy and the environment and the community.
Prospective Investors

Financial statements are also needed to assess the feasibility of investment in the company and expected profits in the future on the basis of profits in the financial statements. Moreover, the risks associated with the investment can be measured in the financial statements. Therefore, the financial statements provide a basis for making investment decisions for potential investors.

Financial Institutions

Financial institutions use financial statements to determine whether to grant a loan or credit to the business. Financial institutions in assessing the financial situation of the facility determine the possible existence of bad loans. Any decision to lend must be supported through adequate asset base and liquidity.

Suppliers

Suppliers need financial statements in order to assess the creditworthiness of businesses and make sure of the supply of goods on credit. They also need to know whether it will be repaid, according to assessments of the financial health of the bank’s clients.

Competitors

The bank compares a company’s performance with that of competing companies, with the aim of learning and developing strategies, and improving their competitiveness.

Internet Financial Reporting

Internet Financial Reports (IFRs) have been increasingly recognized as an important tool for companies to enhance communication with stakeholders, to reduce costs, and for time information asymmetry, and to display an image of corporate transparency [Aly, et al. 2010, Botti, et al 2014]. IFRs are a form of voluntary reporting, which provides additional information (financial and non-financial) for stakeholders; in addition, this encourages the use of user-support features and technologies of the Web to enhance the usability of the company's website [Kelton and Yang, 2008]. The IFR refers to the use of the Internet sites of the companies, in order to disseminate information about the financial performance of the companies [Sanad, et al. 2016, Purba, et al. 2014].

The IFR is a modern technology which has been introduced in the area of financial reporting [Moradi, et al. 2011]. There has been a growing number of empirical studies on IFRs since 1995, reflecting the growth in this form of information dissemination [Almilia, 2009, Ahmar and Kamayanti, 2011]. IFR is an attractive and fast growing research topic [Xiao, et al 2004]. IFR is more cost effective, faster, more flexible in format, and accessible to all types of users nationally and globally [Debreceny, et al. 2003]. Much IFR research has emerged over the last decade. The earliest studies were produced during 1996 and 1997, only a year after the global, corporate interest in the Internet as an advertising medium had commenced [Khan and Ismail, 2013, Allam and Lymer, 2003].

The financial reports via the Internet is a new field of wide research, making breakthroughs on a daily basis, and affected by many factors such as social, cultural, institutional, and legal factors, which in turn affect the popularity of the Internet in financial reporting. The companies that report financial information on their websites are bigger and more powerful, their ownership is more focused, they have more international investors, and they are more modern than companies that do not rely on the Internet [AIHtaybat, et al. 2011].

According to [Aly, et al. 2010], a company’s prospect of having to publish financial information on the Internet does not rely solely on individual characteristics, but the range of effects of interaction between fixed characteristics (size, leverage, liquidity, audit and profitability of the company) as well as the type of industry, and the state [Khan and Ismail, 2012].

Financial Reporting in Libya

Financial reports play an important role in the field of government planning and activity. Economic planners need financial information in order to determine the latest economic development trends [Shareia, 2010]. The accounting profession in developing countries, as in the case of Libya, is based to a large extent on its accounting education system. Accounting practices in Libya have been affected by a number of factors, one of which is the accounting education system [Bakar and Russel, 2003]. It was also influenced by Western accounting, as the application of accounting principles and auditing standards in Libya followed those of the United Kingdom and the US [El-Firjani, et al. 2014]. There is another factor that may have an impact on the accounting profession in Libya: the discovery of oil [Al-Abys, et al 2016]. Since the late 1950s, the development of economic activities in Libya has led to more reliable accounting information, becoming required for many users, including management, investors, and government [Shalba, 2016].

However, the need arose to create an accounting profession that could take the responsibility to develop a general framework for accountability in Libya [Egdair and Lihniash, 2016]. This need was partly a result of conflicts and the lack of uniformity in many accounting standards, practices, and methods [Masoud, 2016].

The adoption of international financial reporting standards in Libya was not an easy task, given the weakness of its accounting infrastructure system [Buzied, 1998, Egdair, et al. 2015]. International standards in reporting gave Libya
several advantages, including increased accountability for achieving them and the potential to contribute to economic development [Masoud, 2016]. For the implementation of some international accounting standards should improve access to fair value accounting with the decisive result of increasing the level of comparison, and providing a more reliable and accurate quality, and transparent and accurate accounting of financial reports and things [Mackenzie, et al. 2012].

DISCUSSION

The Impact of Technology on Financial Reporting Users

Information technology (IT) has created significant benefits for accounting departments. IT networks and computer systems have shortened the lead time needed by accountants to prepare and present financial information to management and stakeholders. Not only this, but it also has improved the overall efficiency and accuracy of the information [Hla and Teru, 2015].

The biggest impact IT has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions. Paper ledgers, manual spreadsheets, and hand-written financial statements have all been translated into computer systems that can quickly incorporate individual transactions into financial reports [Ghasemi, et al. 2015].

Most of the popular accounting systems can also be tailored to specific industries or companies. This allows companies to create individual reports quickly and easily for management decision making. Additionally, changes can be made relatively easy to reflect any economic changes in business operations [Kerner and Kerzner, 2017].

Computerized accounting systems have also improved the functionality of accounting departments by increasing the timeliness of accounting information. By so doing, accountants can prepare reports and operational analyses that give management an accurate picture of current operations.

The Impact of Internet Financial Reports on Financial Reporting Users

The number of financial reports has also been improved by computerized systems: cash flow statements, departmental profit and loss, and market share reports are now more accessible with computerized systems [Gelinas, et al. 2011].

Most computerized accounting systems have internal check-and-balance measures to ensure that all transactions and accounts are properly balanced before financial statements are prepared. Computerized systems will also not allow journal entries to be out of balance when posting, ensuring that individual transactions are properly recorded [Yeboah, et al. 2014].

Accuracy is also improved by limiting the number of accountants that have access to financial information. Less access by accountants ensures that financial information is adjusted only by qualified supervisors [Ghasemi, et al. 2015].

Computerized accounting systems allow accountants to process large amounts of financial information and process it quickly through the accounting system. Quicker processing times for individual transactions has also lessened the amount of time needed to close out each accounting period. Month-end or year-end closing periods can be especially taxing on accounting departments, resulting in longer hours and higher labor expense. Shortening this time period aids companies in cost control, which increases overall company efficiency [Aniefor, 2017].

Reports issued to outside investors and stakeholders have been improved by computerized accounting systems. Improved reporting allows investors to determine if a company is a good investment for growth opportunities and has the potential to be a high-value company. Companies can utilize these investors for equity financing, which they then use for expanding business operations [Hla and teru, 2015].

Agency Theory as Underpinning Theory

The agency theory suggests that as owners are relatively remote from firm conditions, they desire to make sure that their equity rights are not vulnerable to any unethical expropriations by the managers [Saleh Al Arussi, et al. 2009]. Agency theory provides an explanation for management incentives to disclose voluntarily [Aly and Simon, 2008]. Management, in order to alleviate owners’ problems, is more likely to voluntarily take several actions, such as opening investigations and disclosures [Marston and Polei, 204, Kolsi, 2012].

It is also argued that voluntary disclosure is a device of control, which assists in safeguarding shareholders against the opportunistic behavior of managers. This thereby may contribute to ameliorating agency costs, either arising from a divergence of interests between managers and stockholders or between stockholders and debt-holders [Henchiri, 2011].

The agency theory assumes that the level of disclosure will vary by company characteristics such as leverage, size, type of audit, status of the list, compliance with corporate governance, etc. [Haniffa and Cooke, 2011, Nurunnabi
and Alam Hossain, 2012]. Most studies in Internet disclosure are premised on the goal of reducing agency costs to justify the causal relationship between these variables and the voluntary adoption of the practices of site reporting [Xiao, et al. 2004]. For example, large-scale companies will require larger financing needs, especially through debt issuance; this is due to tax advantages.

Therefore, they will publish more disclosures that meet the needs of investors and creditors, thereby reducing the cost of capital [Kuruppu, et al. 2015, Oyelere, et al. 2003]. The properties of the remaining company can be interpreted in the same manner. In conclusion, disclosing more information makes managers trustworthy towards shareholders; then agency costs will be reduced, and the agency theory will be justified accordingly [Collier, 2015]. The agency theory assumes that the level of disclosure will vary with corporate attributes such as leverage, size, audit type, listing status, and compliance to corporate governance etc.[Nurunnabi and Alam Hossain, 2012].

Method of This Study

The procedure of this study is based on causal research design, to discover the proposed conceptual outline, which is displayed in the previous literature review of the current study. Given that future empirical studies can depend on the explanation that has been offered, it is clear that a quantitative approach using investigation assessment is the most applicable technique of exploratory public financial organization.

Conceptual Framework

The proposed framework of this paper presents the two independent variables of technology and Internet financial report on the dependent variable, financial report users. This framework can be investigated in an empirical future study, exploring the two main hypotheses as follows:

H1: There is a significant direct relationship between a technology factor such as the Internet and the financial report users.

H2: There is a significant direct relationship between the Internet financial report and the financial report users.

![Figure 1. Conceptual Framework](Image)

CONCLUSION

The previous literature explains IFR and technology, in determining the effects on the financial report’s users. IFR practices in many countries surveyed in a number of academic studies have been described, as well as some evaluation of the theories in general and those used in relation to the IFR study, and other factors, all being closely linked to agency theory.

That raises some limitations of the current literature review, which can be summarized as follows. First, agency theory assumes that many Internet financial reports detection applications aim at reducing the asymmetry of information with stakeholders in the capital market. In order to correct the assumption of asymmetry in information, financial markets must be effective. This is often not possible in developing countries, particularly in Libya [Arifa, 2017]. Second, the modern economy is concerned with enhancing the environment of transparency and control on the part of organizations. Therefore, the company is required to fulfill its responsibility not only to shareholders but, rather, to all stakeholders in society. Thirdly, the nature of online reports differs from the nature of print reports, with online reports emerging as a result of the development of technological innovations.

In sum, there is a good reason to study the proposed model in the empirical investigation to analyze the hypothesized relations, with some other new factors such as corporate governance controlling by some other different factors, such as size, profitability, and working financial capital to enhance the understanding and the knowledge of IFR and financial report users, especially in the Libyan context.

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