Chapter 21
Corporate Online Reporting and Their Determinants in Indian Services Sector

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ABSTRACT

The study examines the status of corporate online reporting in the Indian services sector. It also explores the pattern and determinants affecting corporate online reporting. The paper uses content analysis for investigating the level and extent of corporate online reporting. A corporate online reporting index has been developed for the study, dividing the frame into three major headings namely, general, financial and presentation indexes. OLS regression is used for checking the determinants affecting corporate online disclosure. The study yields three major findings. First, results reveal that corporate online reporting measured by the three different indexes has a significant relationship with the size of the hotel. Second, there is negative and significant association between certain key determinants such as productivity, shareholders profitability and liquidity of the companies. Finally, other determinants such as profitability, leverage and growth are not significantly associated with corporate online reporting of the Indian service sector firms. The paper is built around the concept of transparency and reporting on the web that may facilitate the investors and stakeholders. The result is a novel approach to discuss corporate online reporting and transparency that contributes to other critical voices concerned about the value and effects of corporate online reporting.

INTRODUCTION

Given the examples of websites of company from various sectors will give demonstrating innovative use of technologies and for meeting users’ needs. These are the most innovative way to express the business reporting on the web. The major differences are in the form, nature and extent of disclosure. These additional facilities provide information in an attractive way than annual reports. Internet report-
ing provide companies a better opportunity to the extent of financial disclosure beyond hard copy and take the advantage of reduced time and make more interactive financial information with audio, video and sound animation.

Overall the system of corporate reporting has been changed from print to web page reporting. Internet corporate reporting is highly regulated reporting and therefore the potential for dialogue is logically restricted. Many of the corporate websites offer e-mails links for this purpose. Therefore there are potential for balanced communication.

As the information is on the websites of the companies, electronic content analysis cannot be carried out; therefore manual content analysis is used. Content analysis is to be done with the help of analysis of keywords, a list of keywords based on previous literature. The list was used for the subsequent coding. For validity of the information company’s information has to be recorded on the index prepared for it. After it, a comparison has to be done to check the discrepancies.

With the growth in the number of internet users there is an increasing demand from the stakeholders worldwide to provide information on the websites of the company. The most important advantage is, while in the hard copy format information can be provided only in the static form, i.e. words and pictures format, web-based reporting can provide video and audio and other interactive features. It has also led to challenges for the companies, accountants, regulators and web-administration, who ultimately provide the information. Web-based reporting has affected the capital market, equity securities market in particular. The number of small investors has increased through the use of web for trade and investment decisions. Although professional investment firms and analysts use their own sources for information, internet is also one of the popular sources.

Service sector is the backbone of the economy in the majority of countries around the world. According to Government of India (GOI) Report 2013, services sector contributed about 56.5% in the Gross Domestic Product for the year 2012-13. This sector also has made significant contribution to Foreign Direct Investment inflows, exports and employment. A number of studies have investigated different sectors (Bozcuk et al., 2011; Haddock, 2005; Uyar, 2012; Aly et al., 2010; Bozcuk, 2012; Gutierrez-Nieto et al., 2008; Serrano-Cinca et al., 2007; Bowrin, 2015) but till now very few studies have examined web-based reporting in the service sector. This study aims to examine the nature and extent of web-based reporting of service sector on the corporate websites. It also explores the pattern and determinants affecting web-based reporting.

The first part will be introduction of the topic. The second part will provide review of the relevant studies conducted in the area of corporate online reporting. Third part will discuss the research methodology used in the study along with the proposed model. Last part will report the findings, implications and scope for future research.

BACKGROUND

The details of constructs such as corporate online reporting, determinants of corporate online reporting in Indian context are shown as follows

In the globalized era, there is easy accessibility of information required by anyone. Internet as a source of information distribution is relatively new, still there are ample number of papers on the internet as a means of information distribution. Disclosure of financial information, i.e. web-based financial reporting, has also been researched widely to understand requirements and usefulness. In a similar quest, Mohamed