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THE INFLUENCE OF INTERNET FINANCIAL REPORTS ON THE QUALITY OF FINANCIAL REPORTS IN LIBYA LISTED FIRMS

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ABSTRACT

The financial reports via the Internet is a new field of wide research making breakthroughs on a daily basis, and are affected by many factors such as the social, cultural, institutional and legal factors, which in turn affect the popularity of the Internet in financial reporting. Meanwhile, It has been revealed that firms that report financial information on their websites are bigger and more powerful, it has ownership of more focused, they have more international investors, and more modern than companies that do not rely on the Internet. However, the prospect of having to publish financial information on the internet company does not rely solely on the individual characteristic, but the range of effects of interaction between fixed characteristics, the type of industry, and the state. Therefore, this study examines the influence of internet financial reports on the quality of financial reports in Libya Listed firms. This study is a conceptual paper that reviewed the existing literature on the types and level of internet financial disclosure of Libya listed firms. This study revealed that the type of disclosures that includes mandatory, voluntary and selective are variables that are essential in explaining the level of internet financial reporting disclosure.

This study contributed to the body of relevant knowledge by extending the internet financial reporting studies in developing countries which has not been focus more by prior studies. In addition, the study extends the literature on the status of internet financial reporting in African countries, specifically in Libya. Finally, it presents a clear snapshot of those factors influencing internet financial reporting in Libya.

1. Introduction

Internet Financial Reports (IFR) is now being identified as an essential tool for companies to improve communication with investors, thereby reducing costs, time and information irregularity, to display the image of an organization more transparently. (Aly et al., 2010; Botti, Boubaker, Hamrouni, & Solonandrasana, 2014; Budisusetyo & Almilia, 2011; Dyczkowska, 2014; Jones & Xiao, 2004). The online financial report is a method or system of voluntary reporting that deals with creating and offering extra information which comes in the both non-financial and financial form to stakeholders. Additionally, it possesses a sort of user-support traits and technologies which facilitate the uses of an organization's website on the Internet (Andrea Kelton & Yang, 2008; Jason Zezhong Xiao, Yang, & Chow, 2004). Furthermore, several firms around the world want to build private or international entity because investors rely heavily on corporate websites on an intervallic and yearly financial statement. Aside from that, press releases, speeches, and conference calls for investors as well as links on products and other information, growing securities regulatory markets, and the use of the Internet to understand the corporate performance purposes.

However, the study reveals that internet financial report is extensive research which is frequently achieving enormous success. Being a new field of study, and it is likewise affected by several constraints like cultural, institutional, social, and legal factors. That equally affects internet financial report popularity (Moradi et al., 2011). Powerful and larger companies mostly record information on their financial report on the websites. These companies have a system of highly focused ownership with more international stakeholders, compared to companies that due depend on the Internet (Pertiwi & Ir, 2013). According to Ismail (2002), companies do not depend on individual traits for the prospect of publishing their financial information on the Internet. Instead, they focus on the level of effects and of relations existing among fixed attributes such as (leverage, liquidity, size, audit and profitability Company), the particular kind of industry, as well as its state (Khan & Ismail, 2012b).

Establishing and generating useful information and insight to investors is the primary purpose of financial reporting. Meanwhile, US FASB offers that in preparing financial reports, it should establish helpful information and ideas for stakeholders, creditors, and others as enshrined in its conceptual model. Investors demands should be satisfied by confidence-building companies and investors to upsurge and accelerate the speed of transparent financial information within a short time (Victoria et al., 2009b). One of the general paper reported more informal, direct and frequent

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communication between the management companies as well as a majority among investors; users should be provided with different financial reports by companies audited and consolidated (Holt, Barkemeyer, Figge, Herzig, & Godemann, 2010). Libraries or analysts' reports have limited the means of obtaining information from the financial statements during the annual reports printed, which gives access to annual reports (Khan & Ismail, 2012b). Presently, companies financial reports can be quickly published by companies which can be performed by adopting paper reports or numerous electronic or digital tools (Lipunga, 2014). That is as a result of increased global demand for commercial communications, with the surge in social and political needs of the responsibility of corporate institute, and sudden desire in the information of corporate (Smith & Pierce, 2005). By the middle of the 90s, the increased search for alternative and effective means of communication in terms of cost, big companies have immensely diverted to the Internet (Al-Motrafi, 2008). Thus, the use of the Internet has substantially affected the practice of corporate report by companies (Pathak & Khadaroo, 2005). Of course, it is very much understood that both non-financial and financial statements; the Internet is perceived to be a much productive means of communicating reports (Victoria et al., 2009b).

IFR simply means the system or process of using companies' internet sites to share information base on their financial performance. Indeed, the Internet has become a prominent means of communicating the financial performance of a company to investors amid several electronic means (Kiew-Heong, 2011). CICA and CIRI (2008), in the process of distributing or sharing financial information, the Internet is famously accepted as a widely used means. Boesso and Kumar (2007) recognized it in both private and public as well as other businesses and institution as being prevalent. Also, to facilitate transparency in the system of operations and activities, Joint-stock companies utilize the Internet to provide beneficial information, both non-financial and financial (Pervan, 2005). In examining the essential use and role of the Internet, it has enabled universal distribution of information thereby allowing the better-quality to and availability of financial information thus specifically encouraging investment (Dyczkowska, 2014; Salawu, 2012). In light of this, analysts and stakeholders have become familiar in utilizing the company's websites to gain the required and necessary information (Agboola & Salawu, 2012; Lipunga, 2014). The studies reviewed above indicate that the Internet has become prominent and universally used as a platform which users visit to seek an enormous amount of information. Accordingly, the innovation of the Internet is a sophisticated medium of communications and access to non-financial and financial information. Thus, the Internet is known as a subject of increasingly and popular search (Khan & Ismail, 2012b; Pertiwi & Ir, 2013). The increasing adoption and the utilization of the Internet for the distribution of corporate financial information as well as establishing yearly reports, and the complexity of IFR conduct varies across states (Mohamed et al., 2009).

Presently, Internet Financial Reporting (IFR) literature has been on the increase and continues to rise exponentially (Khan & Ismail, 2012b; Oyelere, Laswad, & Fisher, 2003). IFR has become a dominating subject of attention among several researchers, most specifically the researchers praised over the years the role of literature review in the process of research and this study supports that assessment (Chatterjee & Hawkes, 2008). As (EDT) became powerful Internet tool for TELCOS, in recent times IFR develops and turns out to be the norm, though not an exception, in the majority of Western countries (Gowthorpe, 2004). More so, the Internet possesses the capacity to transform financial reports system. Companies are having the potential to incorporate regular yearly report and financial information, not additional funding in several arrangements (Jones & Xiao, 2004).

IFR tends to be a modernize technology, made known to the field of financial reporting (Moradi, Salehi, & Arianpoor, 2011). However, since the year 2005, there has been an increase in the number of empirical studies conducted on IFR exhibiting the continuous development in this system of distributing information (Ahmar & Kamayanti, 2011; Almilia, 2009). And it is a striking and fascinating research subject as it is going rampant (Jason Zezhong Xiao et al., 2004). Besides, with its flexibility in terms of formatting, it appears to be more cost-effective, faster, and mostly available to various interested users both locally and internationally (Debreceny et al., 2003). Thus, in the past decade, lots of IFR researches have surfaced. Studies encountered to be earlier were conducted between 1996 and 1997, which began a year after the universal corporate attention on the Internet is an advertising media and mechanism (Allam & Lymer, 2003; Basuony & Mohamed, 2014a; Khan & Ismail, 2013). Also, the primary sources include a literature review of various national and international websites and magazines (Verma, 2010).

Several studies were conducted on IFR by professional agencies like the Institute of Chartered Accountants in England and Wales; International Accounting Standards Committee; International Accounting Standards Board; Canadian Institute of Chartered Accountants; and Financial Accounting Standards Board among others (Basuony & Mohamed, 2014a; Khan, Ismail, & Zakuan, 2013; Khan & Ismail, 2012a; Aly & Simon, 2008 Rowbottom, Allam, & Lymer, 2005). This trend in studies performed by the global Accounting standards board deal with areas like as the formulas that are implemented to publish annual reports on the Internet, and inventory accessibility in real-time news and press statements (Bass, 2002). Furthermore, researchers performed the role of researching previous criticism in the literature reviewed which plays a significant role in the research process of this study supported by the assessment (Pertiwi & Ir, 2013). Therefore, it can be said, the emergence of the Internet with the growing and increase in the expansion in the utilization of information technology for the preparation of financial reports, a necessity for massive growth in the amount of academic research in this area (Pervan, 2005; Yao et al., 2012). Therefore, this paper examines the relationship amid internet financial reports and the quality of financial statements in Libya.

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1.1 Objectives of the Study

The fundamental aim of this paper is to examine the influence of internet financial reporting on the quality of financial reports in terms of timeliness of the reports and transparency. The specific objectives are as follows:
1. To examine the types of financial disclosure of listed companies in Libya.
2. To explore the level of financial disclosure of listed companies in Libya.

2. The Levels and Types of Financial Disclosure

Various stakeholders have been holding discussions on issues of measurement and disclosure of financial statements to achieve internationally comparable to high quality (Akman, 2011). Scientific progress has increased the reliance on accurate information, and thus became the modern systems that premise on the importance of disclosure of information, especially financial guides and standards to deal with the non-financial and financial disclosure. Disclosure of financial information is essential to provide the users of such information adequate data in other to enhance decision-making (Omar & Simon, 2011). The primary materials or tools which are highly essential to companies are reporting and disclosure which is used to communicate to investors. Whereas, detection is a critical component which ensures the effective distribution of assets in the community and reduces the information independence and reliance between a company and the investors (Omar & Simon, 2011; Adina & Ion, 2008). Thus, it becomes important to provide the meaning of detection.

"Those items in corporate annual reports are relevant and material to the decision-making process of users who are unable to demand information for their particular needs. If an item of information is relevant and material, but it is not disclosed, then the decisions makers are likely to be less than optimal."

The concept of disclosure is vital in achieving the aims of financial accounting. "As doubled businesses, in number and size, the provision of capital and risk-related increased accordingly. That inevitably has created significant public interest in the commercial activity among shareholders, lenders, creditors, employees, customers, government authorities and the general public (Saini, 2012). The financial disclosure can be classified into three categories. That includes: voluntary, selective and mandatory. The financial disclosure can be typed or printed on papers submitted electronically through the anonymity of the Internet to deliver commercial information, either non-financial or financial, quantity or otherwise concerning the financial status and financial performance of the Company (Yeoh, 2005). The financial disclosure explained in the subsection below:

2.1 Mandatory Disclosure

The mandatory disclosure is perceived to be a prominent case of public law states' more extensive plot for controlling business operations socially (Djankov, 2008). Thus, administered and managed by similar authorities which regulated and standardized the accounting "laws" financial market of such a specific state or country (Agca & Onder, 2007). Mandatory disclosure is concerned with information that should be published contrary to the establishment of existing legal mandates, stock-exchanges Commission, accounting authorities, and capital markets (Adam et al., 2016; Adina & Ion, 2008; Soebyakto & Agustina, 2015). Also, mandatory disclosure is referred to as the smallest piece of information which is ordained and necessary to be published as documented by rules and regulations (Bogdan et al., 2009; Galani et al., 2011; Lungu et al., 2009; Owusu-Ansah, 1998; Sanjaya & Young, 2012). There is an implication that statutory requirements become a minimum standard of disclosure (Adina & Ion, 2008).

On the other hand, mandatory corporate disclosure deals with the exhibition of the least volume or quantity of information in corporate reports, adequate to perform some confident assessment of risk which an organization is undergoing (Akhtaruddin, 2005; Owusu-Ansah, 1998). Wiegel (2013), describes it as the specific number of information which a firm must publish that is bounded by law. Mandatory disclosure is a growing or increase in the performance of the corporate feature and the age of a company (Tsalavoutas, 2011; Yeoh, 2005).

In other words, the agent is based on the mandatory disclosure with a low degree of subjectivity involved in the communication requirements (Setyadi et al., 2009). Greenstone et al. (2006) agreed that mandatory disclosures have information content and commitment tools, which could reduce the cost of the company to be paid provided that they are credible and not self-serving taxes. So that entities can avoid lawsuits with tax authorities that may lead to an additional cost (Oppong, 2016). Moreover, it helps to eliminate any ambiguity about what must be disclosed and to provide shareholders with certainty the expected information which ensures the equal access to necessary and reliable data (Kyeyune, 2010; Demir & Bahadir, 2014). In the annual report, ratios are measured or calculated by the size of the information released within each group. Preferably, an annual report disclosure is required to make known to the investors an adequate amount of data to assess the exact remuneration practice among the executives (Nelson, Gallery, & Percy, 2010).

Mandatory disclosures are most times intended to avoid litigation risks. Therefore, this may not be relevant to returns and also aims to satisfy the information needs and ensure quality control through laws and standards of users in mind (Barlevy & Alvarez, 2014). It can also improve the balance anonymity depending on what investors are doing in equilibrium (Barlevy & Alvarez, 2014). More so, mandatory disclosure lessens the problem of information irregularity and hence improves healthier informed judgement and decision making (Aripin et al., 2010). Gigler and Hemmer (1998) explained that the mandatory disclosure performs a vital part and verifies the voluntary disclosures which are tested directly. So,

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mandatory disclosure will give a favourable avenue so that managers could easily engage in smooth communication and the credibility of the additional information to external bodies and organizations (Jason et al., 2004).

Nevertheless, in general, there seem to be few studies on risk reporting inducements in its relation to Regulation, and even explicitly furthering lesser above the question of whether or not to enforce mandatory disclosure (Abraham & Cox, 2007; Lungu et al., 2009). Additionally, Demir and Bahadir (2014) postulate that the absence or lack of mandatory disclosure necessities tends to stimulate or inspire firms to willingly disclose their information (Graham, Harvey, & Rajgopal, 2005). Hence, this could be implicated for IASB and AASB, as it later recommends that mandatory disclosure of a complete record of financial ratios could improve the efficacy or success of the markets when agency cost is decreased. More so, when standard financial ratios are employed to be disclosed, annual or yearly reports will be much more beneficial (Council, 2003; Hossain, 2008).

Alali and Romero (2012) examined the online practices by companies and their characteristics reports of exchange (BCBA) in Argentina. Their results suggested that firms in the transport, gas, real estate, mining, and services disclose much of their information which is both non-financial and financial available on their websites from companies in other industries. Moreover, they discovered a significant and substantial positive relationship for the company, with the level of disclosure. Although profitability, chief -4 auditor and influence do not have a considerable impact. Growth has a negative effect on the practices of companies Internet reporting. That means that there a level of some diversity in the approach to take advantage of the web site.

There is a potential benefit to the mandatory disclosure system because it easier for new entrants commitment, and thus to raise capital, and increase competition and reduce the social losses from the private consumption benefits (Leuz & Wysocki, 2008). It is essential to realize that a mandatory disclosure regulation mandated not without problems. First, the mandatory disclosure system is expensive to design, implement and enforce. Second, existing companies have an incentive to catch the regulatory process. For instance, to implement a system that prevents, rather than encourage competition, which in turn can create significant indirect costs (Kuranchie-Pong, 2013).

Study of Das (2015), determines the extent of companies internet reporting practices in emerging economies through the detection range of the mandatory and voluntary information on the Internet. It also discusses the determinants of reporting such practices using a sample of Bangladesh. To measure the two mandatory disclosure and voluntary self and used lists built. The results are analyzed in reference, a total of different categories. Using a sample size of 234 companies, both performed bivariate and multivariate analysis to identify the determinants of voluntary and mandatory disclosure on the Internet. The result indicates that about 90.70% corporate websites and all of them detected a small amount of information about companies. While the extent of mandatory reporting is 66.24%, and the scope of voluntary reporting is 35.46%. The result at the international link reveals that the audit firm, and independent directors on the board and the structure of the dual leadership have a significant positive relationship and profitability measured by return on equity has a negative correlation with the level of mandatory and voluntary disclosure of information by Bangladesh Companies. Despite the size of the company, multinational, and the type has a significant positive relationship with the industry standard for voluntary disclosure of information, being the task of the mandatory disclosure. Besides, the board size, ownership structure and the age of the company have a non-significant association with both mandatory and voluntary disclosure level.

Although there are very few studies that looked at the disclosure of mandatory information on the Internet, there is no detailed study of the situation, regarding financial compulsory information disclosure on the Internet in the Libyan context. That includes companies on mandatory disclosure of information on the web, and the determinants that affect this level of the disclosure are not studied.

2.2 Voluntary Disclosure

Financial accounting system of national, favourite sources of funding and other influential factors on the disclosure policy (Adina & Ion, 2008). As a result of discrepancies in information among parties: managers tend to be well informed about the work of their respective owners and increasing the development of capital markets after significant disasters in the United States in 1929. That led to the emergence of more assurance to detect voluntary disclosures. It is made concerning the voluntary disclosure of information from the public by the Company free option. It is influencing the socio-economic culture and behavioural features peculiar to each Company (Adina & Ion, 2008). Besides the mandatory disclosure of information, the Annual Report on voluntary disclosure of information prefers more timely data (Chen, Chen, & Cheng, 2008). Other opportunities that are used for the detection of voluntary information can be conference calls, press statements, websites, reports, including some other companies (Healy & Palepu, 2001). Furthermore, voluntary disclosure emerges to fulfil the delivery of the required reports, which lacks sufficiency and substantial adequacy to satisfy end users need (Adina & Ion, 2008). Traditional financial statements provide historical information. Also, in some industries, the usual accounting and reporting approaches might not be sufficient to represent precisely the ambiguity of the company's operations (Pfarrer et al., 2005; Rikanovic, 2005).

Voluntary disclosures are defined as information which is fundamentally external in the financial statements and does not openly obligatory by accounting rules or standards (such as, GAAP and SEC law) (Boesso & Kumar, 2007; Hussainey, 2009; Zunker, 2011). In a new procedure established by the FASB recommends that companies should ensure that these

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disclosures are present in the management conversation and analysis section of the annual reports (Boesso & Kumar, 2007; Hussainey, 2009). That involves voluntary disclosures that exceed the demands included in accounting as well as other information which the company sees it as necessary for the requirement of several stakeholders, managers and groups (Boesso, 2003; Francis, Nanda, & Olsson, 2008). Thus, voluntary disclosure is additional information on the different national systems or international reference for business reports, and it is not mandatory under the law (Rouf & Al Harun, 2011). An essential step in the construction of the index is to choose voluntary disclosure of information which is capable of being disclosed in the annual reports of items (Hawashe & Ruddock, 2014; Yuen et al., 2009).

The purpose of these disclosures is reducing the information irregularity between managers and investors (Adina & Ion, 2008; Lokman, Mula, & Cotter, 2011). Moreover, to provide clarification on the long-term sustainability of the business and the interests of the owners and of the various interest groups (Boesso & Kumar, 2007; Cheynel, 2013). Voluntary disclosure can be useful in the analysis of the annual reports and financial statements, as allowed by the users of the information for the issuance of informed judgments regarding the quality of the data produced (Zunker, 2011). Most importantly, stakeholders for the continuous achievement of the company considering the resources, and the prospects as very high, which the company should meet the needs of investors. And its related determinations via voluntary disclosure and other forms of reporting (Kent & Chan, 2009). Voluntary disclosure provides information to investors, companies that are likely to have a better quality of corporate governance, which means that the lack of a minimum consistency of information exists between managers and shareholders problems, thereby improving the company's value (Lokman et al., 2011).

The empirical study on the voluntary disclosure by the previous studies revealed that there is a need that associated items marked only with the size and the agent for information irregularity. That is whereas voluntary disclosure item information with variables create agents to size, and information irregularity, the demand for external capital, and corporate reputation conventional detection. For instance, Ettredge et al. (2003) surveyed internet financial reporting by providing insight into the deployment of two types of financial information on companies websites. The first form consists of reports already prepared and filed with the SEC. The second type is voluntary information to investors. The researchers found that there was a need an associated item marked only with the size and the agent for information asymmetry, associated. In contrast, voluntary disclosure item information with variables create agents to size, and information asymmetry, the demand for external capital, and corporate reputation conventional detection. The results confirmed broad incentives to stimulate the initial voluntary disclosure.

Additionally, Jason et al. (2004) examined the disclosure of internet companies in China. Hence, the findings from the study showed a positive relationship amid the commissioning and voluntary disclosure. It also found that the shape of the Internet and companies connected with the detection of extensive work after five auditors, and whether the company can be located within the information technology firm. In contrast, the study showed a negative correlation amid profitability and Voluntary Disclosure. Internet companies' voluntary, positive, and morally detected with the legal ratio ownership of a person, but not with the ownership by investors from the local private sector and foreign investors.

Furthermore, the ratio of independent directors has a positive relationship with the form of presentation, voluntary disclosure, and the availability of the website in the English format. Furthermore, Mendes-Da-Silva and Christensen (2004) examined the determinants of voluntary disclosure of financial information on the Internet by Brazilian companies. The research showed that the size of the company and liquidity in the stock market and corporate governance have a significant positive correlation with the level of disclosure of information on the Internet. In particular, it showed that the three determinants carry a meaningful positive relationship with the financial disclosure of both mandatory and voluntary information level. Meanwhile, the performance of the company has a negative correlation with the level of disclosure mandatory, voluntary information on the Internet. Still, the study did not find any association Influence with the level of disclosure. In regards to this, the limitation of this study is that it does not consider the financial companies. As it ignores the non-financial information in the development of the reference disclosed, considering only the financial sector.

Gallego Alvarez, et al. (2008), examined the validity of hypotheses agency, which refers to the political costs and the costs of ownership theories involuntary disclosure and mandatory information on the Internet. The researchers used content analysis and developed three Detection indicators. Their findings emphasize the importance of hypotheses theory of costs of political as a primary explanatory Voluntary Disclosure of information on the Internet by the Spanish companies. Specifically, the assumptions that more significant monopoly power of the firm, and more transparent for the firm is the political cost more faces. To decrease the number of losses, firms developed an interest in the detection of more significant amounts of information.

2.3 Selective Disclosure

Previously, a basis was in place for selective disclosure. That means that the availability of markets was small, with little market analysts and low market participants (Steinberg, 2001). Disclosing information through teleconference or a private consultation to several analysts could have generated information to experts in the market that mostly covers security parts (Gomes et al., 2007). Selective disclosure means the circumstance in which a firm disclose crucial and essential information to a targeted or specific number of individuals, particularly to some analysts and stakeholders. In contrast, such information is kept hidden from the public. Hence, resulting in the possibility of having an internal trading and overlapping interest among analysts (Lyon & Maxwell, 2011; Ventoruzzo, 2015). Determining the particular financial

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disclosure requirements pieces from the information that must be sent to a specific group of agents (people or programs). The rules of politics can define such situations and are called "standards" (Tun et al., 2012). Contrarily, some critical portion of the information is made available to stakeholders by managers and can be used for trading at the disadvantage of other stakeholders who aren't informed (Aly & Simon, 2008). Selective disclosure can lead to liability for the company and officials in the same company for insider trading by persons who receive disclosure (Lyon & Maxwell, 2011). Also, companies must disclose information about their operations voluntarily as it becomes a prevalent idea in administrative circles (Marquis & Toffel, 2012).

The Security Exchange Commission (SEC) adopted in 2000, to tackle this business thereby involving or investigating into the formulation of fraudulent tipping as well as trading under Section 10(b) of the Securities Exchange Act and Rule 10b-5 (Nagy & Painter, 2012). Securities law requirements for timely and general disclosure of material information must be balanced against the risk of inadvertent selective disclosure or the disclosure of confidential information (Gintschel & Markov, 2004). Selective disclosure creates unequal entree through obtaining information which could influence or impede the decisions of stakeholders (Choi, 2001).

The stakeholders' degree of confidence, transparency and integrity in the capital markets is threatened by the mode and operation of selective disclosure (Charoenrook & Lewis, 2009). To eliminate selective financial disclosure, the SEC implemented Regulation Fair Disclosure in 2000, which states that "*managers may not privately disclose material information to financial analysts*" (Hajaj, Hazon, & Sarne, 2015). The Regulation entails that (1) if a firm is willing to disseminate information, it should be conducted in a manner that involves public access (2) if there is a situation whereby information is disseminated unintentionally, such information is required to be disseminated extensively in the period of 24 hours (Bushee et al., 2003).

Currently, the habit of selective disclosure has become extinct. More so, the availability of numerous markets in which stakeholders can get involve seems not to be the sole root for security evaluation (Steinberg, 2001). Additionally, as noted by the Commission that the novel system of communication has become obtainable to reduce the costs which are frequently allied with the widespread dissemination of information to the public. Such widespread information dissemination is essential due to the enormous growth of peoples engagement in the markets (Hoffmann et al., 2014). Whereas some believe that selective disclosure or "tipping" strengthens insider trading, the United States Supreme Court ruled that an individual might illegally transact with non-public information materials except supply is incorrect (Guttentag, 2016). Gross & Oemig, (2006) and Hoffmann et al. (2014) backs the Commission's method for determining and addressing this issue left by *Dirks* by requesting complete, fair and transparent disclosure.

3. Conclusions and Recommendations

Past studies have shown that the Internet is seriously used by the companies as a medium to communicate financial information to numerous stakeholder, most specifically the investors. Thus, the present study investigates the influence of internet financial reporting on the quality of financial reports in Libya listed firms and also identified the types and degree of financial disclosure has to influence the companies to use the Internet for this purpose.

This study revealed that the types of financial disclosures that include mandatory, voluntary and selective are variables that are essential in elucidating the degree of internet financial reporting disclosure. Hence, the study contributes to the body of relevant knowledge by extending the internet financial reporting studies in developing countries which has not been the focus of prior studies. This study also develops an index to measure the types and level of disclosure of voluntary non-financial and financial information in Libya firms websites. Additionally, the study extends the literature on the status of internet financial reporting in African countries, specifically Libya.

Finally, it presents a clear snapshot of those factors influencing internet financial reporting in Libya. Based on a prior study reviewed, the study also found that additional financial disclosures are significantly and positively associated with websites for companies with stock rotation. This study only limited to the Libyan listed companies, to be able to generalize the outcome of this study. It recommends that considering should be given to other African Countries to make a comparison between or among countries that almost share the same ideal. Furthermore, the study also recommends the empirical analysis of this study to have a more reliable and accurate result.

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