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Disclosure on Investor Relations websites

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Abstract

This licentiate thesis is about corporate disclosure, provided via companies´ investor relations (IR) websites. In recent years, corporate reporting has been facing `an online revolution` as corporations have increasingly used Internet as a medium for dissemination of accounting information. A corporate website has become an independent channel for distributing materials for investor relations purposes. At the same time, analysts and investors start using corporate websites as an information source. Thus, what type and what amount of information are disclosed on the companies´ IR websites may impact analysts´ and investors´ assessments of companies. In the academic research, there are several studies that investigate disclosure on the IR websites by using researcher-constructed disclosure indices. However, previously used disclosure indices are based on prior research of paper-based annual reports. A dynamic nature of a website environment is often not captured by those indices. This thesis suggests inductive category development as an alternative approach to analyze content of Internet reporting. The purpose of this study is to identify IR website´s categories of information by using an inductive approach. Additionally, the study aims to analyze amount of information and institutional dimension within each information category of the IR website. The thesis´ empirical investigation of 30 companies listed in the UK (London Stock Exchange), Sweden (OMX Stockholm) and Japan (Tokyo Stock Exchange) identifies similarities in the surface structure of the IR websites in different markets. However, the results show a variation in the amount of disclosure within each category in different markets, which is found to be related to the institutional dimension of how regulations of different stock exchanges address disclosure on the IR websites.

Keywords: content analysis, disclosure, inductive approach, Internet reporting, Investor Relations (IR) website, Japan, regulations, Sweden, UK.

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Table of Contents

List of Tables

List of Figures

1 Introduction

This thesis is about corporate disclosure, provided via companies´ investor relations (IR) websites. In recent decades, capital markets have become more international (Nobes 2006). This effect of globalization has stimulated analysts and investors to consider investment opportunities in a more open and international way, giving them opportunities to assess and compare companies across borders.

At the same time, corporate reporting has been facing ´online revolution´ as corporations have increasingly used Internet as a medium for dissemination of accounting information[1].

Emergence of the Internet and the World Wide Web (the Web) has enabled companies to efficiently provide information to the international investment community. With the increase of the investors´ geographical dispersion, paper-based reporting becomes limited and expensive for the companies, in terms of capacity of reaching the international investors. Internet disclosure, being cost effective, fast, easily accessible and responsive in format, provides significantly more opportunities for performing timely and comprehensive reporting, in contrast to the paper-based annual reports (Debreceny, Gray and Rahman 2002).

Benefiting from advantages mentioned above, companies have actively adopted this new channel of information addressed to analysts, investors and other stakeholders. A corporate website has consequently become an independent channel for distributing materials for investor relations purposes. (Lymer 1999, Debreceny, Gray & Mock 2001).

Simultaneously, the Web has also becomes an important source of information for the analysts and investors (Debreceny, Gray and Mock 2001, Debreceny and Gray 2001, Chang and D´Anna et al 2008). Motivated by this in 2001, The Security and Exchange Commision (SEC) in the US, started encouraging the use of the Internet as

[1] Call for Papers From: Accounting, Auditing and Accountability Journal, Volume 18, Issue 1

a dissemination tool by establishing units dedicated exclusively to Web surveillance and enforcement. (Fisher et al 2004).

Even though there is some evidence showing that narrative reporting, such as chairman statements and environmental reports, is not useful for financial analysts (Campbell and Slack 2008), the IR section of a corporate website provides a combination of both financial and non-financial type of investor-related information, which makes this source relevant to analysts and investors. Debreceny and Gray (2001) highlight analysts´ need to search financial information from the original sources instead of receiving such information from the intermediaries´ databases. Using companies´ websites as an information source, analysts perform their work in two main steps - mechanics and analysis. Mechanics involves preliminary work, when the analyst locates, collects, aggregates and formats the data. After the mechanical part is completed, the process of data analysis starts. Since the analysts may need to analyze several companies in a limited time, a quick access to the data becomes an important issue (Debreceny and Gray, 2001). As analysts are recognized to be intermediates between companies and investors, corporate websites become an important information source even for investors, those who rely on the estimations and recommendations provided by analysts (Campbell and Slack 2008).

The use of the Web is additionally stimulated by general tendency of Internet use in the world. Recent statistical report shows how dramatically fast the Internet is penetrating our society. From 2000 to 2010 the number of Internet users in the world increased 444,8%, reaching 28.7% of the earth population, or 1 966,514.816 users by the end of 2010.[2]

Besides previously mentioned benefits of the Web, there are also problems related to insufficiently regulated environment of this information source. Limited regulation, adressed to the issue what type, form and amount of information to disclose on the Web, may cause inconsistency in the presentation of the financial and non-financial information which can be a barrier for the analysts to quickly retrieve attibutes needed for the assesment of corporations (Debreceny and Gray

[2] http://www.internetworldstats.com/stats.htm

2001; Xiao et al 2004; Fisher et al 2004). Specifically, institutional settings and stock exchange regulations in different markets have variations in adressing the point what information companies are supposed to provide on the websites[3]. Such variation may affect the amount of information received by international investors from the websites of companies, listed in different financial markets.

1.1 Problem discussion

As discussed in the previous section, a corporate website serves as an information source for analysts and investors. Since the regulatory environment of Web reporting leaves a considerable space for voluntary disclosure and companies are allowed to be flexible in choosing type and amount of information to disclose on the Web, it might be complicated to assess quality of such information source.

One of the established approaches used in the previous disclosure litterature suggests that amount of disclosure is an indication of disclosure quality[4]. However, it is important to be aware of that quality of disclosure is not only about its amount (Beattie et al 2004). For example, too much information, presented in an unstructured way, can instead lead to a cognitive overload and distruction (Debreceny and Gray 2001).

In recent years, due to the globalization of financial markets, international ownership has been significantly increased.[5] As the global capital market involves a number of different financial markets and each market may have local institutional settings, comparison of companies across borders by using corporate IR websites as information source, might be problematic due to variations in quality of disclosed information.

Several papers in the prior research on Internet reporting investigate IR websites of companies in different financial markets by using various researcher-constructed

[3] See regulations of London Stock Exchange http://www.londonstockexchange.com, OMX Stockholm http://www.nasdaqomx.com/ and Tokyo Stock Exchange http://www.tse.or.jp concerning Web reporting.

[4] Beattie et al (2004) disclosure literature review

[5] US Census Bureau´s statistical report 2010 reveals that since 2002, US holdings of European stocks and bonds increased from 782, 9 million dollars to 1,888.9 billion dollars, and US holdings in Asia increased from 268,5 to 923,3 million dollars. http://www.census.gov

disclosure indices.[6] Such approach, where researcher defines categories of information prior to the empirical investigation, might be problematic for the study of website, because of the dynamic nature of the Web environment (Weare et al 2000). Disclosure indices, used in the previous papers, involve different types and number of check items, depending of the frame of reference the study is based on.[7] However, applying checklists, established for several years ago, to modern and dynamically developed IR websites might possibly result in a misleading picture.

This study seeks to find an alternative approach to corporate websites and investigate a content of IR websites without a preliminary constructed set of check items.

1.2 Purpose of the study and research questions

Following the discussion above, the quality of the information, disclosed on the companies´ IR websites, is an important issue for analysts and investors to be aware of. However, what type and what amount of information the modern IR websites contain remains unknown in the existing academic research. Moreover, methodology of most of the existing studies from the late 1900s – early 2000s is not treating corporate websites as dynamic and different from the paper-based reports.

In the first step of this project, it is important to obtain an updated picture of the content of a modern IR website and an update of how disclosed information is regulated, i.e. IR websites´ institutional dimension. Correspondingly, this study seeks to answer following research questions:

1 What types of content and format of information are provided on the corporate IR websites?

2 How much of each type of information is provided?

[6] Marcus & Wallace 1997, Hedlin 1999, Pirchegger and Wagenhofer 1999, Lymer 1999; Debreceny et al 2001; Xiao et al 2004; Fisher et al 2004, Street and Abdelsalam 2007.

[7] Ashbaugh et al (1999) – 3 items, Craven and Marston (1999) – 2, Hedlin (1999) -8, Deller et al (1999) – 19, Pirchegger and Wagenhofer (1999) – 38, Ettredge et al (2001) – 17, Debreceny et al (2002) – 8, Marston (2003) – 13, Allam and Lymer (2003) – 36, Oylere et al (2003) – 8, Xiao et al (2004) – 82, Marston and Polei (2004) - 71, Xiao et al (2004) – 82, Chang et al (2008) – 28 , Street et al (2007) – 143

3 To what extent is the voluntary information on the IR websites influenced by institutional factors?

The first question focuses on development of categories of information that are involved in a content of a modern IR website. Identification of presentation formats that information can be presented in is also a part of the first question. The second question addresses amount of disclosed information. The objective of this question is to quantify each category in order to be able to make comparisons between different websites. The third question highlights institutional dimension of the Web reporting and its relation to the extent of voluntary information disclosed on the IR websites.

The research purpose is thus to identify IR website´s categories of information by using an alternative research approach. Included in the purpose is also to analyze amount of information and institutional dimension within each information category of the IR website.

1.3 Outline of the thesis

This chapter is followed by an overview of prior research on the topic of Internet reporting (Chapter 2). Previous studies are structured in four groups: studies of information of IR websites, studies of institutional regulations addressed to Internet reporting, studies of development of Internet reporting and studies of methods useful for analysis of website content.

The objective of Chapter 3 is to provide a frame of reference of the empirical study. The chapter opens with the introduction of the concept of disclosure, which is followed by a more specific topic of disclosure on IR websites. Here, a concept of comprehensiveness of provided information is highlighted. Next section presents an institutional dimension by, first, providing general insights into institutional theory of isomorphism, and, second, presenting institutional regulations and recommendations addressed to the issue of Internet reporting on three financial markets (Sweden, UK and Japan). The last section of the Chapter 3 presents other institutional factors such as accounting values.

Chapter 4 highlights methodological choices made in order to facilitate the study to answer the research questions. Discussion on the method of content analysis and developments of the study´s research instrument (disclosure checklist) is placed in focus. First, content analysis is introduced as a research method for the studies of disclosure. Introduction is followed by a discussion of problematic issues of content analysis in disclosure studies. Then, inductive category development is discussed as a technique of content analysis, considered to be appropriate for the study of IR websites. The discussion is followed by presentation and, finally, evaluation of methodological steps performed in the study.

Chapter 5 presents empirical results of this work. The chapter reports the results of empirical investigation of the content and form of the information disclosed on the IR websites in Sweden, UK and Japan. The results of matching of the disclosed information with the list of regulations and recommendations in the three markets are also provided in this chapter.

Chapter 6 focuses on discussion of the results of the empirical study from the perspective of existing research. Specifically, the discussion is addressing two main issues – inductive approach to the IR website disclosure and institutional dimension of the IR website disclosure. The concluding part of the chapter focuses on the issue how the empirical study´s results contributed to answering the research questions of the study. Finally, the last section provides suggestions for continued research.

2 Prior research

The objective of this chapter is to provide an overview of prior studies on the topic of Internet reporting and show the results of the prior research.

2.1 Studies of information on IR websites

Since Internet started penetrating our society, Internet reporting has been considered to be a new form of accounting practice (Wallman 1995; Petravick 1996), whose role has been growing in companies. At the same time, the issue of quality of Investor Relations (IR) websites becomes a topic for the academic research. In 1999, European Accounting Review Journal included a topic of Internet reporting in a special issue[8], where researchers started discussing such questions as presence and content of the early IR websites in different markets, institutional issues and future development of accounting reporting.[9]

The results of these studies shows that majority of companies provide an IR domain as a separate web-section addressed to investors and shareholders on the corporate websites (Marcus & Wallace 1997, Hedlin 1999, Pirchegger and Wagenhofer 1999). Furthermore, many companies from non-English speaking countries are found to have an additional English version of the IR website, which is a sign of the companies´ intention to address their message to international investment community.

Most of empirical studies of the Internet disclosure are using theoretically constructed checklists, or disclosure indices[10]. However, the checklists used in the previous studies of Internet reporting involve researcher-constructed categories which are derived from the annual report disclosure studies. The problematic point

[8] European Accounting Review, Vol. 8, Issue 2 July 1999

[9] See Craven and Marston (1999), Hedlin (1999), Pirchegger and Wagenhofer (1999), Gowthorpe and Amat (1999), Lymer (1999)

[10] See Ashbaugh et al (1999), Craven and Marston (1999), Hedlin (1999), Deller et al (1999), Pirchegger and Wagenhofer, Ettredge et al (2001), Debreceny et al (2002), Marston (2003), Allam and Lymer (2003), Oylere et al (2003), Xiao et al (2004), Marston and Polei (2004), Xiao et al (2004)

of these studies is that researchers look at the content of the websites in the same way as at the content of hard copy annual reports. This approach may not capture features of the web environment which enables websites to present information differently compare to hard copy annual reports. For example, some of the elements and new features of the web environment might be not covered in such studies, because of absence of a corresponding item in the checklist.

First in 2001, Debreceny, Gray and Mock (2001) start taking this problem into account by discussing financial reporting websites in terms of content and form. Their study investigates online reporting from the user perspective and creates a new framework of dimensions involved in web environment. Later, Xiao et al (2004) apply this framework in their empirical study of Internet-based disclosures. Based on Debreceny´s framework, Xiao et al (2004) develop a-82-items-disclosure-checklist, where presentation format and content are clearly distinguished.

Street and Abdelsalam (2007) study IR websites of the UK companies and the results reveal significant lags in providing fresh and timely updated data on the corporate websites of companies listed in the UK, which is suggested to be an issue for future improvements addressed to both companies and regulatory bodies.

Thus, in the existing empirical research there are several papers that investigate quality of IR websites in different countries. However, the checklists, used in these studies, contain either too broad or too different categories, which make it difficult to compare the results, obtained in different financial markets. Moreover, existing academic empirical research, related to the topic of Internet reporting, appears somewhat out-of-date today, as the latest study (Street and Abdelsalam 2007) is performed in 2007.

2.2 Studies of institutional regulations addressed to Internet reporting

Several studies result in that the issue of Internet reporting is not addressed by the institutional regulators enough (Lymer 1999; Hedlin 1999; Craven and Marston 1999; Marston 2003; Xiao et 2004; Fisher et al 2004). These papers provide suggestions to institutional bodies, highlighting importance of a more sophisticated set of regulations, addressed to Internet disclosure.

Empirical research of Internet reporting in different financial markets brings the role of institutional dimension into discussion and results in that reporting on the Internet is totally unregulated. Craven and Marston (1999) investigate leading UK companies and conclude there are no rules governing disclosure on the Internet, except for one regulation, which implies that press releases are not allowed to be published on the Internet without a preliminary announcement to the Regulatory News Service of the London Stock Exchange.

Hedlin investigates IR websites of Swedish companies in 1999. The result is, even though the Swedish Stock Exchange (SSE) appears to be one of the main regulators for corporate reporting for Swedish companies, its regulation does not include any specific rules addressed to the corporate reporting on the Internet. With other words, all information reported by Swedish companies through their IR websites is disclosed on voluntary basis. Marston (2003) presents results from a survey of leading Japanese companies´ websites, conducted in 1998 and followed up in 2001. The survey results in that most of Japanese companies have an IR website in 1998 but only 58% of them have detailed accounting information presented online. In addition, the results from 2001 show a significantly more developed content of IR websites in Japan; however Internet reporting is still considered to be entirely unregulated.

Consequently, as it can be seen from the previous research, Internet reporting in late 1990s was performed in a form of voluntary disclosure, i.e. there were no clear frame of regulations addressed to this channel of IR communication at that time.

2.3 Studies of development of Internet reporting

Some of the previous studies´ discuss development of the Internet reporting over time and make predictions addressed to the future development. Hedlin (1999) articulates three development stages of financial reporting on the Internet. The first generation of the IR websites addresses investors by only providing possibility to order hard copy of annual reports. The second stage of development involves electronic versions of the paper-based documents such as annual and interim reports and press releases. Finally, according to Hedlin, companies IR websites would reach the third stage when they realize how technical advantages of the

Internet can improve corporate reporting. Here, corporate websites are not only used as alternative mean for distributing paper-based annual reports, but become rather a new form of financial reporting where the unique features of the Internet are taken advantage of. Later, Jones, Xiao & Lymer (2002) and Jones & Xiao (2003) conduct a Delphi study, based on the assessments of a group of experts in accounting and Internet. A set of predictions, made in these two papers, addresses such issues as trends in information, technological trends, regulations and standards, audit and impact on users. Internet reporting is predicted to coexist with paper-based reporting. Customized and timely presented and frequently updated information is expected to be new features of the Internet reporting, that would differ it from the paper-based reporting (Jones and Xiao 2003). A corporate website is regarded to be more suitable as a channel for dissemination of information rather than communication channel (Jones, Xiao and Lymer 2002). Finally, according to the predictions of interviewed experts, non-financial qualitative information and graphical presentation formats would significantly increase on companies´ IR websites by 2010.

2.4 Studies of methods useful for analysis of website content

By early 2000s, academic researchers of online messages articulate several dimensions in which website content can be distinguished from the paper-based media content. Newhagen et al (1996) and Weare et al (2000) identify such dimensions, specific for website content, as multiple media, non-linearity, interactivity and asynchronous dimension.

The new dimensions of the WWW-communication have significantly changed a content of the information sent through the websites, which in turn requires different methodological approach as well. Weare et al (2000) discuss main procedures of content analysis, specifically in a context of WWW-environment. The procedures are sampling, unitization, categorization and coding. Internet opens up a number of opportunities for the researchers to cover entire samples or create random samples, rather than create convenience and purposive ones, which enables research to improve its external validity (Weare et al 2000).

Nonlinearity of the website structures creates a challenge for the researchers to make a choice of the units of analysis. Differently from the traditional media, where the boundaries of a message are clearly distinguished, the nonlinear hyperlinked structures of the websites are more complex in semantic and syntax, and its units of analysis (including sampling units, recording units and context units) are therefore more difficult to be captured (Weare et al 2000, Haas et al 2000). WWW environment create also challenges for the researchers, when it comes to the development of mutually exclusive categories. Integration of the text, graphics, audio, video and other formats within a single website requires an approach, where both issues - how messages are presented and what is communicated – are captured. Moreover, due to a lack of understanding of the semantics, syntax and logic of the hyperlinked WWW-environment, there are methodological limitations in the current Internet research (Weare et al 2000). Finally, to perform a reliable coding of the message, it is important to take a highly dynamic nature of the websites into consideration (Koehler 1999, Weare et al 2000). A suggestion to practically solve this issue is to record the content of different websites at a single point of time, in order to be able to make reliable comparisons (Weare et al 2000).

Back to the previous studies of information on IR websites, most of them use content analysis as a technique for analyzing companies´ websites. In 2001, the paper of Debreceny, Gray and Mock suggests to distinguish between content and form when approaching a corporate IR website. This idea is implemented in later empirical studies, which result in more extensive researcher-constructed checklists that involve dimensions of content and presentation format (see Xiao et al 2004).

However, even though the Internet reporting research start developing new dimensions in the early 2000s, it is very hard to find a consistency in different studies. Prior empirical research of the internet reporting involves a number of content analytic studies that result in various checklists for the investor relations websites. Researcher-constructed disclosure checklists, used in the previous studies, involve different amount of check items, depending of the frame of references the study is based on.[11] Even though the prior studies are using same deductive

[11] Ashbaugh et al (1999) – 3 items, Craven and Marston (1999) – 2, Hedlin (1999) -8, Deller et al (1999) – 19, Pirchegger and Wagenhofer (1999) – 38, Ettredge et al (2001) – 17, Debreceny et al (2002) – 8,

approach, it is hard to benchmark the results due to the variety in different researchers´ checklists. For example, in the studies from 1999, the number of items in the checklists varies from Craven and Marston´s two items to Xiao et al (2004) 82 items. Studies of Ashbaugh et al (1999), Craven and Marston (1999) and Hedlin (1999) use checklists with rather broad information items, such as presence of corporate website, financial reports, hyperlinks, graphics, press releases, downloads, dynamic updates, other languages.[12] Application of such checklists can possibly lead to a fragmented and too general picture of the IR website content.

Marston (2003) – 13, Allam and Lymer (2003) – 36, Oylere et al (2003) – 8, Xiao et al (2004) – 82, Marston and Polei (2004) - 71, Xiao et al (2004) – 82, Chang et al (2008) – 28

[12] See Hedlin (1999)

3 Frame of reference

The chapter will provide theoretical and institutional background, to support the empirical study. The first two sections focus on corporate disclosure theory. In particular, section 3.2 discusses Internet disclosure and important concepts such as comprehensiveness and timeliness. The followed sections present an overview of institutional regulations and recommendations that address Internet reporting in three different markets. Finally, Gray´s accounting values theory is introduced to support motivation behind the study´s choice of financial markets.

3.1 Corporate disclosure

This research applies Gibbins´ definition of corporate disclosure, namely a deliberately made release of financial and non-financial information, whether numerical or qualitative, required or voluntary, via formal or informal channels (Gibbins, Richardson and Waterhouse, 1990). Correspondingly, Internet disclosure is regarded as corporate disclosure provided via corporate website.

Hassan and Marston (2010) review of disclosure literature articulates several classifications of disclosures in the prior research. First, corporate disclosure can be divided into mandatory and voluntary disclosure. Mandatory disclosure involves information released according to institutional regulations and standards while voluntary disclosure is any information released beyond mandatory disclosure. In addition, voluntary disclosure can also involve information, recommended by institutional bodies. Besides, disclosure can be classified with respect to timing (annual reports vs. timely disclosure such as press releases and quarterly reports), type of information disclosed (quantitative vs qualitative) and type of news (good vs bad news).

Disclosure is one of the focus areas of the accounting research. Especially voluntary disclosure and its quality is a topic for many disclosure studies (Beattie et al 2004). According to Healy and Palepu (2001), measuring disclosure quality is recognized to be a challenging issue for the researchers. Empirical studies that use disclosure indices to assess disclosure quality, assume that amount of disclosure within each information topic is a proxy for the quality of disclosure (Beattie et al 2004). Even though it might not be necessarily so, existing empirical studies of disclosure tend to find a positive relation between quantity and quality (Beattie et al 2004).

3.2 Disclosure on IR websites

As it is articulated in the previous section, this study assumes Internet disclosure to be a corporate disclosure, provided on the companies´ websites. Online innovations contribute to the development of new dimensions of the website as an information source (Gallhofer and Haslam 2006). Differently from the paper-based information sources, a corporate website may offer information in various user-oriented formats and on a timely basis. According to Debreceny et al (2001), it is important to distinguish between *content* (what is provided) and *form* (in which form the information is provided) when assessing quality of websites addressed to investment community. Street et al (2007) develope a concept of *comprehensiveness* of provided information, the main dimensions of which also involve content and form. As formulated by Street et al (2007), comprehensiveness is a combination of *content* and *usability* of information. Content in its turn involves *type* and *amount* of information, while usability is related to the issues of *presentation form* and to how user-friendly the information is.

Another dimension of the Internet reporting articulated in the prior literature is *timeliness*, which is considered to be an important dimension to the users of Internet reporting, and in particular to the international investors (Fisher et al 2004; Street and Abdelsalam 2007). Street and Abdelsalam (2007) use definition of timeliness as a regularly and timely disclosure of quarterly, semi-annual and annual financial information on the corporate websites.

3.3 Regulations and recommendations addressed to IR websites

One of the explanations of why to provide Internet disclosure derives from the sociology-based institutional theory. In particular, it derives from the assumptions of DiMaggio and Powell (1983) about three mechanisms of institutional change. Coercive isomorphism is assumed to arise from formal and informal enforcements of external organizations, such as governmental bodies and other regulators. Mimetic isomorphism suggests that organizations choose to follow practices of the others and model themselves on the examples of other organizations in order to avoid uncertainties of the surrounding environment, or to enhance organizational legitimacy. Finally, normative isomorphism, or professionalization is regarded as a process of institutional change, where standards and rules established by professions, constitute homogeneous organizational practices (DiMaggio and Powell 1983; Abrahamson 1991).

3.3.1. Overview of stock exchanges´ regulations and recommendations

The table below summarizes how Internet reporting is regulated in Sweden, UK and Japan.

Table 3.1: List of items regulated by stock exchanges in the UK, Sweden and Japan

Regulated issues on the website	LSE		OMX Stockholm		TSE	
	must	should	must	should	must[13]	should
IR domain	-	-	X	-	-	-
Press releases	X	-	X	-	X	-
Press release archive	-	-	3Y	-	5Y	-
Latest annual report	X	-	X	-	X	-
Annual report archive	5Y	-	5Y	-	5Y	-
Six months report	X	-	X	-	X	-
Six months report archive	5Y	-	5Y	-	5Y	-
Interim report	X	-	X	-	X	-
Interim report archive	-	-	5Y	-	5Y	-
Financial reports in online format	-	-	-	X	-	-
Printed information order service	-	-	-	X	-	-
Financial statistics download function	-	-	-	X	-	-
E-subscription to press releases, reports and events	-	-	-	X	-	-
Current share information	-	-	-	X	-	-
Historical share information	-	-	-	X	-	-
Identity and contacts of IR managers	-	-	-	X	-	-
Protocol from the latest annual general meeting	-	-	-	X	-	-
Materials from analyst meetings and press conferences	-	-	-	X	-	-
Links to industry organizations, competitors, statistics	-	-	-	X	-	-

´X´ = yes, ´-´ = no, 5Y = 5 years archive

Source: Official documents from the websites of London Stock Exchange, OMX Stockholm and Tokyo Stock Exchange

As it can be seen from the table, mandatory part of information is harmonized between the studied financial markets, with an exception of Tokyo Stock Exchange, whose set of regulations only requires publishing of information in the TDNet database, and not on the corporate website (see details in 3.3.4). However, presence of the IR domain as a separate part of the corporate website is only required by

[13] Mandatory via TDNet database only (see 3.3.4 for details)

stock exchange in Sweden. Publishing of the press releases, latest annual and interim reports, including reports archives on the corporate website is required by LSE and OMX Stockholm. Companies, listed in Sweden, are additionally required to disclose press release archive on the website. Moreover, OMX Stockholm also provides recommendations regarding what *should* be disclosed on the IR websites.

Next three sections will present each stock exchange´s regulations separately.

3.3.2. London Stock Exchange

London Stock Exchange (LSE) in the Rulebook from February 1, 2010, articulates a general requirement for all member firms, to perform timely disclosure of corporate information[14]. Besides this general requirement of timely disclosure, LSE refers to the Financial Services Authority (FSA), an independent institutional body and regulator of the financial services industry in the UK[15], whose handbook of regulations includes so called DTRs (Disclosure and Transparency Rules) that among other things include issues of disclosure and transparency on the Internet (DTR2.3) aiming to promote prompt and fair disclosure of relevant information to the market. In particular, section DTR 2.3 is addressed to an issuer who has an Internet site. According to FSA regulation, ´inside information announced via *RIS* (regulated information service) must be available on the issuer´s internet site by the close of the business day following day of the *RIS* announcement. Further, according to DTR 6.3.5 from 06/10/2007, an issuer must have following documents available on the website: an annual financial report, a half-yearly financial report and an interim management statement. Moreover, annual financial reports and half-yearly financial reports should be publicly available for at least five years[16].

3.3.3. Nasdaq OMX Stockholm

Nasdaq OMX Stockholm has also some requirements concerning publishing of the IR-related information on the Internet. As articulated in paragraph 3.1.6 of the stock

[14] Rules of the London Stock Exchange, an official PDF-document available on http://www.londonstockexchange.com
[15] http://www.fsa.gov.uk
[16] FSA, DTR 4.1 and DTR 4.2

exchange regulation[17], publicly listed companies are required to have their own website on which all published information from the company to the stock market shall be available for at least three years. Financial reports shall be available for the last five years. Another requirement is that publicly listed companies (PLCs) need to publish online information about time and place of their General meetings.

In addition to that, there are following points that are recommended to be presented on the IR website. First, the stock exchange recommends PLCs to disclose financial reports, annual reports and prospectuses in online formats additionally to PDF format, since online format is considered to increase usability (documents do not need to be downloaded).[18] Users of the IR websites should be additionally provided with opportunity to order printed financial information, as well as opportunity to download financial statistics in Excel. Second, the stock exchange recommends PLCs to have press release archive in reverse chronological order and provide an e-mail subscription for press releases, reports and activities. Next suggestion concerns share information, namely companies should present information about current share price as well as historic development of the share price on their IR websites. Other recommendations are identity of IR managers including their phone numbers and contact details; protocol from the latest annual general meeting; presentation materials from the analyst meetings and press conferences; and finally, it is recommended to link to other websites, such as sector organizations, general statistics, exchanges and competitors.

3.3.4. Tokyo Stock Exchange

Tokyo Stock Exchange (TSE) requires issuers to perform timely disclosure by publishing them through a so called Timely Disclosure Network (TDNet), a database service provided by TSE.[19] This implies that one of the conditions of the listing agreement of TSE is that listed companies become involved as members of TDNet, a database, which on a timely basis provides capital market with press releases,

[17] http://www.nasdaqomx.com/digitalAssets/65/65953_nasdaq__omx__stockholms_regelverk__for__emittenter__2010_01_11.pdf, January 11, 2010

[18] http://www.nasdaqomx.com/digitalAssets/49/49534_Advise_-_Financial_Information_on_Websites.pdf

[19] Securities listing regulations (as of March 1, 2010), http://www.tse.or.jp/english/rules/regulations/securities.pdf

financial reports and financial statistics accumulated during the last five years. This approach means that Tokyo Stock Exchange does not relate its framework of regulations to the issuers´ own corporate websites, but rather uses a centralized strategy that enables accumulation of IR information about all TSE listed companies in the stock exchange´s own database.

3.3.5 Recommendations provided by IR community

As mentioned above, stock exchanges are one of the institutional actors whose regulations and recommendations are addressed to the publicly listed companies and in particular to the content of their IR websites. On the other hand, Global Investor Relations Network (GIRN) is another institutional body, which addresses IR practices. This organization is driven by an idea to give a platform for the Investor Relations globally. Being extensive network of IR professionals, GIRN embrace a number of local investor relations societies from 25 countries, aiming to ´achieve best practices in global IR profession and supplying demand for greater disclosure and transparency´[20].

In all three markets, which are in focus of this thesis, there are locally driven IR societies, such as IR Society UK, Swedish Investor Relations Association (SIRA) and Japan Investor Relations Association (JIRA). Each society arranges IR seminars, conferences and events on a regular basis, giving IR professionals opportunities to exchange their practical experiences. A brief investigation of the three IR societies' event calendars results in that issue of IR website as an information source is a frequently upcoming topic for discussions on the conferences and workshops. IR society in the UK is the second oldest IR society founded in 1980 followed after NIRI, National IR Institute, founded 1969. Most of the other members of the GIRN emerged in the mid 1990s-eary 2000s. Interestingly, a website of IR Society UK appears to be most dynamic in its communication with the IR community in a way of explicitly providing guidance to the IR professionals and articulating IR best practice guidelines. The guidelines are addressed to the IR divisions of publicly listed companies and include an extensive list of recommendations, concerning what the

[20] Global Investor Relations Network http://www.girnet.org

content of a professional IR website should include. Recommendations of the IR Society are presented in the Table 3.2 below.

Table 3.2: IR society´s recommendations addressed to companies´ IR websites

1 Company information/investment case
Updated information of company´s activities from the an investment perspective
Fact sheet of investor information
Key message and balanced view of the company online (don't burry information in PDFs, annual reports and presentations)
Strategy and vision
Current sector challenges
Relevant competitor information
2 Financial information
Do not hide important financial information in financial reports
Financial summary, minimum three years back in time, preferably five years
Key financial ratios
Key performance indicators, both financial and non-financial
Financial data downloadable in Excel
Show clearly which financial information has been audited and which has not
Information related to the secondary listings
Main intangibles, including those not shown on the balance sheet such as brand and human capital
Dividend history
Capital development
3 IR library
Annual reports, interim and quarterly statements available on the website
Clearly labeled archive of annual reports
Investor presentations available as webcasts and slides
4 Shareholder information
Size, type, geographical origin of shareholding, key shareholders
Information on Annual general meeting
Details of the company´s AGM (webcasts and presentations from AGM)
Features enabling electronic shareholder communications
List of companies advisers
Share price information including current price and historic share price graphs with ability to make comparisons with a peer companies and indices
Online share price calculator
Regularly updated FAQ section
Financial glossary
Analyst coverage
Financial calendar of important events
Links to relevant industry bodies, regulators and other appropriate organizations
5 IR contacts
Contact details including e-mail address and phone number of investor relations officers
6 News and press releases
Constantly updated news on all aspect of the company and its operating environment
Each release should be clearly dated
Archive webcasts for investors to access after the event
7 Corporate governance
A list of directors (both executives and non-executives)
Biographical details of all directors
Remuneration report
The terms of reference of the nomination, remuneration and audit committees

Internal control mechanisms and risk management systems
Key policies
8 Technology features
A mobile version of the IR website
Really Simple Syndication (RSS) feeds for users to receive latest news
Feedback forms, blogs to encourage interaction
Virtual visits to company facilities
Podcasts of events, easily downloadable as audio files
Content personalization (when user can create tailored pages and move content elements around)

Source: http://www.ir-soc.org.uk/files/irbp/pdf/website_guidelines.pdf

3.4 Other institutional factors

Besides regulations and recommendations of institutional bodies, there are cultural factors that may impact differences in corporate disclosure across countries. Violet (1983) and Gray (1988) assume that culture impacts the accounting values at the national level. According to Gray (1988), ´culture may be used to explain and predict international differences in accounting systems and patterns of accounting developed internationally´. Based on Hofstede´s societal dimensions, Gray (1988) develops a model of accounting values, which is presented in the Table 3.3 below.

Table 3.3: Society values in relation to accounting values.

Society values	Accounting values
Individualism vs. collectivism	Professionalism vs. statutory control
Large vs. small power distance	Uniformity vs. flexibility
Strong vs. weak uncertainty avoidance	Conservatism vs. optimism
Masculinity vs. femininity	Secrecy vs. transparency

Source: Gray (1988)

Gray´s model assumes that cultural values in a society may have an impact on accounting traditions, such as, tendency to follow strict rules vs. to follow professionals (professionalism vs. statutory control), preference of a uniform vs. more flexible practices (uniformity vs. flexibility), cautious approach to measurements vs. a more optimistic risk-taking approach (conservatism vs. optimism) and finally tendency to be transparent vs. secret in disclosures (secrecy vs. transparency).

Following Gray´s theory, less information is disclosed by companies in countries where the levels of uncertainty avoidance, power distance and collectivism are strong. Companies in these countries are considered to be less transparent in order to avoid risks of conflicts, prevent inequalities existing in the society and protect themselves from the concerns coming from externals stakeholders.

4 Methodology

To answer the study´s research questions, examples of three different financial markets are chosen for empirical investigation. The following two sections will present and motivate choices that were deliberately made in the study. Next, inductive category development is discussed as an alternative, more suitable technique for the study of IR websites. This chapter also presents all methodological steps performed in the study. Finally, the method of the study is evaluated from the reliability perspective.

4.1 Choice of financial markets

Even though globalization of the financial market has triggered a process of harmonization of the financial reporting, institutional and cultural differences still impact companies´ financial reporting and corporate disclosure, which constitutes a barrier to harmonization of the reporting across borders (Doupnik and Salter 1995; Nobes 1998; Nobes 2006; Koga and Rimmel 2007). Existing of such impact motivates the study to take an international perspective and explore different financial markets.

Three financial markets are selected for investigation; these are London Stock Exchange (LSE), Tokyo Stock Exchange (TSE) and Stockholm OMX. Differences in the stock exchange regulations and accounting values between Sweden and UK on the one hand and Japan on the other hand, motivate the study´s choice of financial markets. As it was mentioned in the previous chapter, stock exchanges´ regulations and recommendations in Sweden and UK address the issue of internet reporting in a greater extend compared to Japan. In this study, the financial markets, where Internet reporting is more/less regulated, are called as ´strong/weak level of stock exchange regulatory environment´ (see Table 4.1).

Even accounting values vary between different financial markets. According to Gray (1988), companies in Japan, where the level of uncertainty avoidance, power distance and collectivism is strong, tend to disclose less information (i.e. have a ´weak accounting value level´, see Table 4.1), while companies in the UK and Sweden are considered to be an opposite to Japanese companies (with a ´strong accounting value level ´). Thus, by choosing a set of financial markets, different in terms of stock exchange regulations and accounting values, the study has an expectation that companies in Sweden and UK would disclose more information on the IR websites compare to companies in Japan.

Table 4.1: Level of stock exchange regulatory environment and accounting values in Sweden, UK and Japan.

Level	**LSE**	**Stockholm OMX**	**TSE**
Stock Exchange regulations	strong	strong	weak
Accounting values	strong	strong	weak

4.2 Choice of companies

In this study, IR websites of the large companies are investigated. The logic behind the choice of large companies derives from the results of previous empirical disclosure research, which finds an association between company size and volume of disclosure. As one of the main objectives of corporate reporting is to supply users with information and enable them to make decisions concerning allocation of resources, the information and disclosure volume becomes crucial in this process (Cooke and Wallace 1990, Healy and Palepu 2001, Hassan and Marston 2010). Previous research finds that bigger companies tend to voluntarily disclose more information. Greater extend of disclosure helps those companies to be more attractive to the international investors, as it decreases investor´s risks and uncertainties in the process of investment decision (Healy and Palepu 2001; Debreceny, Gray et al 2002; Hassan and Marston 2010).

Further, a sample of 30 large companies (10 from each market) is selected for investigation. A random choice of 10 companies out of 30 largest publicly listed companies is made in each market[21]; see a list of selected companies in the Table 4.2 below. To refine the focus of the study, the sample does not include companies that are cross-listed in more than one of the studied stock exchanges. For example companies, listed in both Tokyo and London Stock Exchanges are not included in the sample.

[21] Three index of largest market cap companies were used as a population: OMX Stockholm 30, LSE: FTSE 100 and TSE Topix core 30.

Table 4.2: A list of selected companies

Sweden	UK	Japan
Alfa Laval	Alliance Trust	Astellas Pharma
Electrolux	Antofagasta	JFE Holdings
Handelsbanken	Barclays	Komatsu
H & M	BG Group	Mitsubishi Estate
Lundin Petroleum	Morrisons	Nissan Motor
Securitas	National Grid	Nippon Steel Corporation
Swedish Match	Petrofac	Sumitomo Mitsui Financial Group
SEB	Royal Bank of Scotland	Shin-Etsu Chemical
Skanska	Tesco	Takeda Pharmaceutical
SKF	Vodafone	Tokio Marine Holding

4.3 Content analysis as the study´s methodological choice

Content analysis is employed as a main methodological technique in this empirical study. One of the most commonly used forms of content analysis is based on a pre-established frame of categories (Krippendorff 1980; Bryman and Bell, 2007). Such deductive form of content analysis is also used in the previous research of the content of investor relations websites[22]. Existing articles use a pre-established set of categories, or so called IR website disclosure checklists developed earlier by pioneer scholars of the field, such as Craven and Marston (1999), Lymer (1999) and Hedlin (1999).[23] However, such approach has a disadvantage in a sense that it is impossible in practice to create a pre-defined set of categories, which does not involve elements of interpretation from the researcher's side (Bryman and Bell, 2007). Thus, using a set of categories based on the previous theories and the researcher´s interpretation, might lead the research to a risk of mismatch between empirical data and the categories. As argued by Weare et al (2000), classical content analysis applied to the websites might be problematic as a website environment is different from paper-based sources of information and, thereby, it needs to be approached differently in the research.

[22] See following empirical studies: Ashbaugh et al (1999) , Craven and Marston (1999) , Hedlin (1999), Deller et al (1999), Pichegger and Wagenhofer, Ettredge et al (2001), Debreceny et al (2002), Marston (2003), Allam and Lymer (2003), Oylere et al (2003), Xiao et al (2004), Marston and Polei (2004), Chang et al (2008), Street et al (2007)

[23] Section 2.4 presents prior content analytic research on internet reporting in more details.

Moreover, taking into account such external drivers, as technology and globalization, that open new opportunities for Internet reporting (Fisher 2004), it is assumed that disclosure checklists from the prior research won´t capture all variety of new features of the modern IR websites. Respectively, disclosure checklist for IR websites needs to be further developed in a line with the development of IR Web practice.

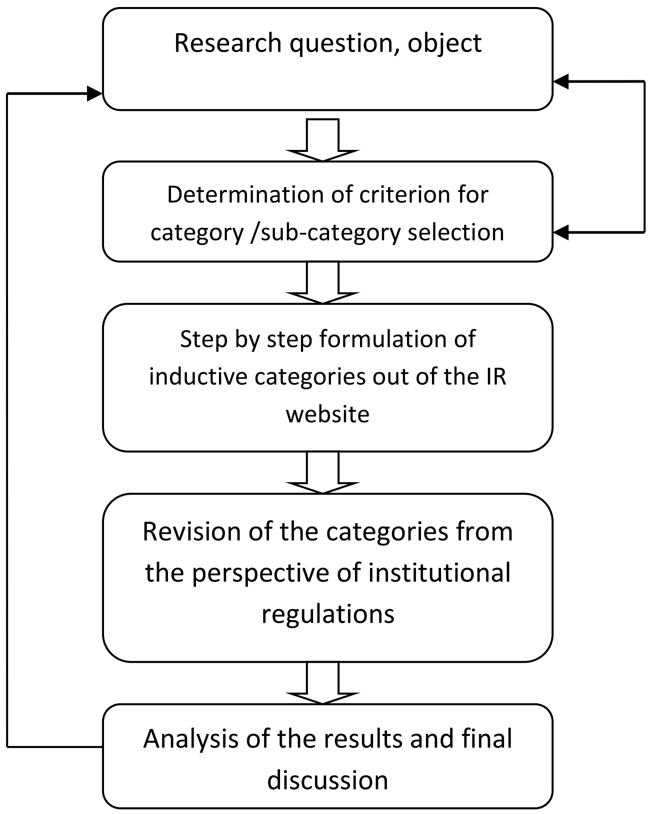
4.4 Inductive category development

The gaps, presented above, motivate this study to employ an alternative approach. This section introduces an inductive approach within the methodology of content analysis, which is called *inductive category development* (Mayring 2000), or as it formulated by Hsieh and Shannon (2005), a *conventional content analysis*. Researchers, employing this type of content analysis, immerse themselves in the empirical data without using preconceived categories, ´instead allowing the categories and the names for categories to flow from the data´ (Hsieh, Shannon 2005). This approach is primarily used in the qualitative research, in the analysis of text, documents, interviews and observations. Text data might be in verbal, print, or electronic forms (Kondracki, Wellman et al. 2002). Currently, inductive category development is widely used in the qualitative health care research. However, in general, this type of analysis is appropriate, when existing theory or research on the phenomenon is limited (Hsieh, Shannon 2005). In addition to that, such approach may also provide the research with a basis for a future longitudinal study of dynamics of the phenomena. As articulated by Bryman and Bell (2007), replication of the study on a longitudinal basis is one of the strengths of the content analysis. Specifically, longitudinal studies of changes in Web content over time is assumed to be a crucial area for future content analytic research (Weare et al 2000).

Implementation of inductive approach does not mean that the researcher won´t address previous theories and research. However, differently from deductive studies, inductive research is not driven by a selected set of categories and concepts when treating empirical data. With other words, the research instrument, used in the process of data analysis is not based on the previous research. Instead, prior research and existing concepts are addressed in the final discussion. Why to apply this approach in the study of the IR website disclosure? Internet reporting is known as a relatively new practice existing since mid 1990s, and the importance of this information channel is growing in financial markets. However, there is a significantly less attention to this issue in the academic research. Consequently, gaining direct information from the IR websites by using inductive category development approach is expected to be advantageous for this study in a way that it would help to find more information items in the IR web content, which, in turn, would contribute to a more comprehensive picture of the IR website as an information channel.

Figure 4.1 represents five main procedures undertaken in this empirical study, methodologically based on the logic of inductive content analysis.

Figure 4.1: Modified model of Mayring (2000), Inductive category development



4.4.1 Step 1: Research question and object of the study

In order to answer the study´s research questions, IR website is decided to be an object of the study. An IR website is a domain where all possible information and documents related to the company financial and non-financial performance, corporate governance and company profile might be gathered. The purpose of the study requires an overview approach to the empirical material, meaning that the goal would not be to analyze documents included in the web-section of Investor Relations in details, but rather to investigate an IR domain as a whole (as one document itself) and to study how this domain is organized, in respect to the content of information and the way how the information is presented. This empirical knowledge is possible to obtain by accessing the IR section of a corporate website. Once identified, each company´s IR website is downloaded by using HTTrack application and saved to the hard disk[24]. All IR websites are recorded within the short period of time, on July4-6, 2010. Such procedure is undertaken in order to obtain a snapshot of the content of each IR website at a single point of time (see Weare 2000), which in its turn can be a reference point for future longitudinal study of dynamics of the content of IR websites[25].

4.4.2 Step 2: Determination of criterion for category selection

Next step of the method is determination of criterion for category selection. Here, the focus is on the IR website structure and main themes or headings of the website are treated as main categories. As the content of IR domains is structured in a way of having main themes in a sidebar or top of the website, we allowed those themes to represent main categories in the checklist. However, when all items, involved in the website, were documented, it appeared that a number of items were belonging to a category, which was not explicitly presented as a theme of the website. Those items were aimed to provide usability and easier navigation for the user, and they were gathered in one category called "Technology features" in this study. Important also to notify that the study only investigated information, which was explicitly disclosed

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[24] HTTrack is a freely downloadable and easy-to use offline browser utility. It allows user to download a WWW site from the Internet to a local directory, building recursively all directories, getting HTML, images and other files from the server to the user´s computer. See details on http://www.httrack.com/

[25] Same procedure was undertaken in an empirical study of Street and Abdelsalam (2007)

on the IR website online, i.e. information buried in the files and documents uploaded on the websites, was not studied.

4.4.3 Step 3: Formulation of inductive categories

Step 3 involves process of development of the checklist parallel with the empirical investigation of IR websites´ content. As mentioned in previous section, categories flow out directly from the structure of the IR website. An important issue arisen during the process of creating categories was interpretation of synonyms. Different companies might call the main categories of the IR domain differently. For example categories, intended to present company´s financial information, might be called "Financial data", "Financial performance", "Financial information" and more. In this case the author employed her own judgment in order to merge these categories into one[26]. Checklist presented below includes synonyms related to one category. After 50% of empirical work, the number of main categories became fixed and could be used for the rest of the sample. Accordingly, the rest of the sample was checked for particular items of information disclosed under each category. However, if any new item was found during the process of investigation of the rest of the sample, it was added in the checklist.

The table below contains the whole checklist developed in the process of inductive development of the categories out of the 30 IR websites.

Table 4.3: Inductively developed checklist of the content of IR websites

	IR websites (Investors, Investor centre, For investors)	**Sweden**	**UK**	**Japan**
1)	**Company information**		**Scores**	
1	Group history	0	1	0
2	Group structure	1	2	0
3	Business concept (what we do, business philosophy)	2	2	1
4	Strategy and goals (or objectives, strategy presentation, corporate strategy	2	4	1
5	Vision	0	0	1
6	Financial targets	0	0	1
7	Global footprint	0	2	0
8	Growth drivers (structural growth)	2	0	0

[26] This type of judgment is additionally supported by the previous practical knowledge and experience obtained by the author when she was working at a Swedish company, providing IR web services to PLCs internationally.

9	Short facts (outlook, overview, key facts, performance at glance, outline)	5	5	1
10	Value creation and R&D	1	0	0
11	Production and operations overview	2	0	1
12	IR calendar (financial calendar)	1	0	0
13	Strengths and challenges	0	0	1
14	Fact files	0	0	1
15	Links to media, competitors (market overview)	1	0	0
16	5 most viewed pages	0	1	0
17	CSR (environmental activities, sustainability reporting, ethical investing)	3	1	1
2)	**Financial data (financial performance, financial information)**	**Sweden**	**UK**	**Japan**
18	Historical financial information	2	1	3
19	Five years summary (key figures)	2	2	3
20	Ten years summary	1	0	2
21	Financial highlights (key indicators, performance indications)	3	4	7
22	Download of financial statistics into excel	2	2	1
23	Balance sheet	3	1	1
24	Income statement	3	1	1
25	Cash flow statement	2	1	1
26	ADR (American Depository Receipts)	1	3	0
27	Dividend policy (dividend information)	6	6	4
28	Dividend history (previous dividend payments)	7	7	7
29	Development of the share capital (changes in capital stock, shareholding changes)	5	2	2
30	Financial summary in Excel format	1	0	1
31	Dividend calculator	2	4	0
32	Latest financial information (annual summary, quarterly summary)	2	1	2
33	Financial information presented in interactive graphs (annual and quarterly analysis tool)	3	1	1
34	Financial development in static tables and graphs	3	5	7
35	Key figures excluding items affecting comparability	1	0	0
36	Segment information (divisional performance)	1	1	2
37	Financial information by product area	1	0	2
38	Acquisitions and divestments (or capital expenditure)	4	3	0
39	Accounting principles	3	0	0
40	Financial model and financial control	1	0	0
41	Financial and qualitative targets	1	0	0
42	IR summary (latest IR information)	0	0	1
43	RNS news	0	4	0
44	Debt market (or debt investor presentation, debt investor principles)	5	3	0
45	Sensitivity analysis	2	0	0
46	Financial risk management	2	0	0
47	Debt structure	3	1	0
3)	**IR library (financial announcements, reports and presentations)**	**Sweden**	**UK**	**Japan**
48	Latest annual report (pdf)	10	10	10
49	Annual report archive	10	10	10
50	Latest interim reports	8	9	9
51	Interim reports archive	8	9	7
52	Investor presentations (shareholder documents, factbook)	6	8	7
53	Webcasts	5	9	1
54	Shareprice calculator (investor calculator)	4	6	0
55	Interactive annual report (HTML or FLASH formats)	5	8	0
56	Latest CSR report	1	2	3
57	CSR report archive	1	1	0
58	Investor days	1	0	0
59	Order printed materials and information	6	3	1

60	Alert service	0	4	0
61	Download centre (or financial archive)	1	5	1
62	Download of financial statements in excel format	4	6	0
4)	**The shares (share information, stock and rating information, shareholder information)**	**Sweden**	**UK**	**Japan**
63	Largest shareholders (major shareholders)	4	2	3
64	Documents and reports from the previous AGMs	5	5	0
65	Ownership structure (distribution of shareholding, current share status, shareholders profile)	9	3	4
66	E-communications (electronic shareholder communication, online communication)	0	6	1
67	Advisers	0	1	0
68	Stock price ticker (current shareprice)	8	9	5
69	Historic shareprice look-up interactive tool	4	5	0
70	Detailed share information	6	7	2
71	Interactive sharegraph (stock price chart)	7	8	3
72	Peers comparison	4	5	0
73	FAQ (Q&A)	3	8	3
74	Financial glossary (vocabulary, definitions)	3	2	0
75	Analyst coverage (including list of analysts)	9	5	4
76	Analyst coverage (including list of analysts + contact details)	8	4	0
77	Share history	5	5	4
78	Stock performance (link to stock exchange)	1	1	0
79	Interactive share graph for disabled people	1	1	0
80	Instruction how to use the graph	2	0	0
81	Download of historic share price into Excel	6	5	0
82	Shareprice alerts on the mobile (Blackberry or WAP service)	1	1	0
83	Total shareholder return in chart or table format	2	3	1
84	Share buyback	0	4	0
85	Shareholder data archive	1	0	0
86	Insiders (list of names and positions)	7	0	0
87	Insider transactions	4	0	0
88	Share in brief	1	0	1
89	Data per share	4	1	1
90	Share conversion	1	0	0
91	Repurchases of share	3	0	1
92	Articles of incorporation (regulations)	1	0	1
93	Stock ratings	2	0	3
94	Stock procedure information	0	0	1
95	Earnings estimates (market forecasts, analyst estimates)	3	1	0
96	Bond information	0	0	2
97	Calendar (or event calendar, IR calendar, financial calendar, IR events, financial diary dates)	10	10	8
98	Financial and IR events archive (agenda)	10	10	8
99	Financial calendar separately from event calendar	0	1	0
100	RSS function in the calendar	0	2	0
101	Subscription to events	3	3	0
102	Outlook reminder function in the calendar	3	4	0
103	Subscribe to annual/interim reports, news and press releases	8	4	0
104	Subscriber registration	7	4	0
5)	**IR contacts**	**Sweden**	**UK**	**Japan**
105	Name of IR manager	9	6	0
106	Position of IR manager	9	4	0
107	Office phone number of IR manager	9	5	0
108	E-mail addresses of each IR manager	9	3	0
109	“Select country or region” option	0	1	1
110	Name of CFO (or CEO or VP) in the contacts	2	1	0
111	Mobile phone of IR manager	7	1	0
112	Photo of IR managers	8	0	0

113	Phone number without specifying names	0	5	1
114	Fax number	0	1	2
115	Visiting address	5	8	2
116	Team e-mail address	2	7	1
117	Online enquiry form	0	2	1
118	Media contact	2	1	0
119	CSR contact	3	1	0
120	Other key contacts (brokers, PR contacts, auditors, lawyers etc)	1	3	0
6)	**News and press releases**	**Sweden**	**UK**	**Japan**
121	Latest press releases (earnings releases, IR news)	8	7	9
122	Press release archive	7	3	4
123	Video news archive or webcast archive	0	0	2
124	New updates	0	1	1
125	Earnings release conference calls (tel conference)	4	0	2
126	Stock exchange releases (with alerts)	0	3	1
7)	**Corporate governance (management plan, management policy, shareholder services)**	**Sweden**	**UK**	**Japan**
127	Annual general meeting	9	8	5
128	Board committees (Audit c, Nomination c and Remuneration c)	6	3	0
129	Nomination committee	6	2	0
130	Remuneration committee (compensation c)	2	2	0
131	Remuneration policy	5	0	0
132	Audit committee	2	2	0
133	Disclosure committee	1	0	0
134	Risk committee	0	2	0
135	Executive directors (photos and backgrounds)	6	3	1
136	Executive directors (names and positions)	6	4	3
137	Non-executive directors (photos and backgrounds)	1	2	0
138	Non-executive directors (names and positions)	2	3	0
139	Board of directors (photos and backgrounds)	8	3	1
140	Outside directors	1	0	1
141	Management of the company	4	1	1
142	IR policy (disclosure policy)	4	1	2
143	Annual management policy (CG policy, code of conduct, code of CG)	3	0	3
144	Corporate governance structure (CG organization)	2	1	1
145	President /CEO/Chairman letter or message (can be a separate section)	2	2	7
146	Major shareholdings (shareholding structure)	3	2	1
147	Board regulations and responsibilities	1	1	0
148	Internal control and risk management (internal control systems)	4	2	1
149	Mid-term plan	0	0	3
150	Auditors	8	0	1
151	Financial risks	1	0	0
152	Operational risks	1	0	0
153	Business risk factors	1	0	1
154	Latest corporate governance report	8	2	1
155	Corporate governance report archive	5	0	0
156	Disclaimer (cautionary statement)	0	3	4
8)	**Technology features**	**Sweden**	**UK**	**Japan**
157	Mobile version of the IR website	1	0	0
158	RSS	1	3	1
159	Feedback survey	1	0	0
160	Short media presentation	2	0	0
161	“Easy to find” function	1	0	0
162	Site map	10	10	10
163	Latest updates on the IR website	1	0	0

4.4.4 Step 4: Revision of categories

Step 4 involves a process of matching empirically developed checklist with the list of items derived from the institutional regulations and recommendations by stock exchanges and IR community (see details on pp.22-27). This compilation enables the author to see to what extend the content of IR websites is regulated in different markets.

4.4.5 Step 5: Processing, presentation and analysis of the data

During the process of empirical investigation of 30 companies, all data were recorded and calculated in Excel program. First, every corporate IR website was scanned manually by the author and all categories and items were recorded in Excel. This work was performed manually. Despite a labor intensive and time consuming process, there is a number a beneficial advantages with manual approach. First, it considers synonyms and multiple meanings of the words. Second, it embraces the whole context of the website and thereby allows the researcher to understand the whole meaning of the message. Finally, and most importantly, the manual approach enables the study to capture different presentation formats (Beattie and Thomson 2007, Hassan and Marston 2010). As WWW-environment involves multiple media (Newhagen and Rafaeli 1996, Weare 2000), which can´t be captured by electronic searching, manual reaching is assumed to be advantageous in the study of the IR websites.

Next, every category is given maximum score, by multiplying number of items with the number of companies on each market. For example, category ´News and press releases´ receives total score 60 (6x10). Next, a check procedure of how many companies on each market disclose each item on their IR website is done. For example, two UK companies out of ten (20%) disclose information on major shareholders on their IR websites. This is followed by the procedure of matching the list of disclosed information with the regulations and recommendations existing on each market, which enables the author to see how much of the disclosed information is regulated on each market.

Finally, comparisons between different markets are made and results are presented in a form of bar charts to visualize possible differences and similarities of the studied financial markets. Analysis of the results involves discussion of the institutional dimension on the content of IR websites in the three studied financial markets and methodological discussion of the study´s disclosure checklist from the perspective of prior disclosure research.

4.5 Reliability of the study

Conducting a content analysis of IR websites by using inductive category development approach, categories have been allowed to flow directly from the content. Compare to the deductive approach, previously used in the Internet reporting research, the outcome of the inductive approach is a larger number of main categories and sub-categories. According to Beattie and Thomson (2007), increased number of categories leads to increased understanding of the content on the one hand, and to decreased comparability on the other hand. As the study´s purpose is to identify IR websites´ categories of information and analyze amount of information in relation to institutional dimension within each information category, the inductive approach and the increased number of disclosure items is assumed to be advantageous for the purpose of the study, as it contributes to a deeper understanding of the content of IR websites of studied companies.

As articulated by Weare et al (2000), the chaotic structure on the Internet, where different types of media are intermingled, there is no obvious solution concerning sampling and unitization of the content. As previously mentioned in this chapter, an IR domain is selected to be a sample unit of this study. A clear structure of the IR domain enables this inductive study to systematically approach the content, which is also leading to a higher reliability of the study.

Beattie and Thomson (2007) address a critique to content analytic studies that only capture presence of one type of information in the document and don't take the volume of information into account. This assumption is based on the fundamental idea of content analysis, that the importance of a certain item of information is mirrored by extend of the information disclosed (Krippendorff 1980). As highlighted by Beattie and Jones (2001), repetition is considered to be a communication strategy, employed by companies for emphasizing importance of the message. Occurrences are therefore essential for the content analysis outcome. Inductive category development allows the study to capture the volume of information by recording all small items of information that are presented under each category. In addition to that, the information disclosed on the IR START page is studied and analyzed separately. By exploring information repeated on the front of the IR website (Start page), the study also captures occurrences of the disclosure items.

However, one could criticize that the items in the study´s checklist are not weighted and therefore the results may not be reliable enough. Indeed, there are several items in the checklist, presence of which on the IR website may tell that a company is not willing to communicate to investors too much information. For example, in the category IR contacts, it can be seen that one company may only disclose a team-email address without specifying names of IR managers, while another company discloses more detailed contact information. However, as the items are not weighted, it might be assumed that the result score does not illustrate such difference. In fact, the results are still showing the difference. That is because the companies, who disclose more detailed contact information, usually disclose both team-addresses and individual addresses and other information, which results in a higher final score. As articulated by Beattie et al (2004), the results of empirical disclosure studies with weighed disclosure indices and non-weighed ones, do not differ so much. However, developing of a more sophisticated disclosure checklist, weighed by the analysts and investors is believed to contribute to more fair results and this is a suggestion for the further research.

5 Empirical findings

This chapter provides results of the empirical study. First, inductively developed checklist´s categories are introduced. Next, the content of IR start pages and IR domains of the companies in Sweden, UK and Japan are presented by following each category of the checklist. Final section concludes the chapter with an overview of disclosure on the IR websites in the three financial markets.

5.1 Inductively developed disclosure checklist

Empirically developed checklist of the study (p. 35-38) consists of 8 main categories and 163 check items of IR-related information. The investigation of 30 large companies in the UK, Sweden and Japan reveals that all IR domains start with an IR start page whose function is to highlight certain IR-related issues, which the company considers to be most important. Starting from the first page, the IR domain is further structured in a way that it has several main and sub-sections. Each section contains IR information that belongs to a certain category. The results show that main categories of the IR websites are similar for the large companies in all three markets; these categories are *company general information, financial information, IR library, shareholder information, news and press releases, IR contacts, corporate governance, and technology*. These categories might be called different in different websites. However, these clusters of information are present in all investigated IR domains. Out of the 163 items included in the eight main categories mentioned above, only 14% to 34% of the information at average is presented on each IR website:

Table5.1: Amount of IR information presented on a single IR website (number of items)

	Sweden	UK	Japan
Mean	59	48	25
Average %	34	27	14
Median	53	43	24
Min	32	23	15
Max	100	140	38

In Sweden and UK there is a spread between companies; the most informative IR websites contain 100 items in Sweden and 140 in the UK while the least informative ones contain only 32 respectively 23 items. IR websites of the large Japanese companies appear to be more homogeneous in amount presented information, having at most 38 and at least 15 disclosed items.

Thus, even though the main categories of IR information are found in all three markets, there is a significant variation between amount presented information under each category.

5.2 IR start page and its content

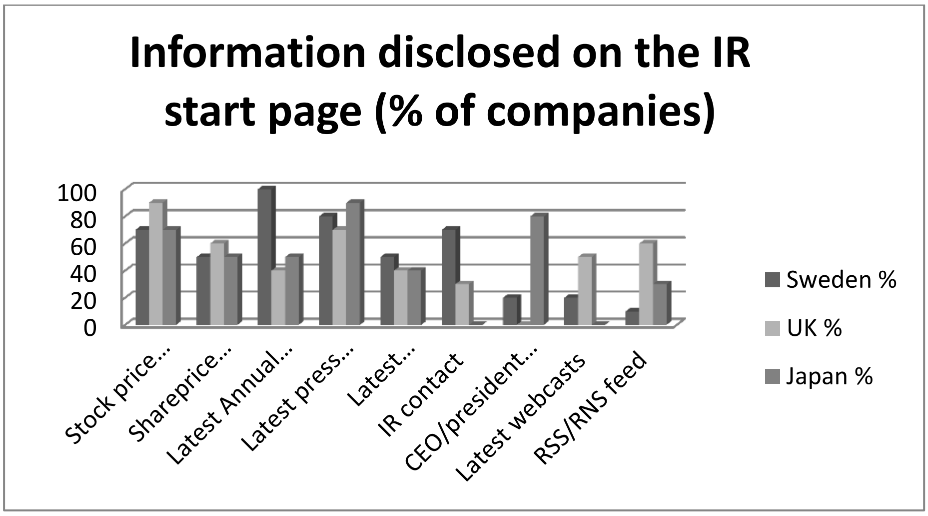
When an investor opens a corporate website in order to find company´s IR information, he/she navigates to the section Investor Relations[27] and arrives to the IR domain. The first page the investor meets is IR start page, a page that usually presents highlights of the IR website and a table of content for the whole IR domain. The empirical study of 30 companies resulted in 53 different items of IR information presented on the IR start page. Table 5.2 and Figure 5.1 introduce most commonly disclosed on the start page items of IR information by showing a percentage of companies in each market, that disclose each information item..

Table 5.2: Information commonly disclosed on the IR start page. (% of companies-providers)

Information on the IR start page	Sweden %	UK %	Japan %
Stock price ticker (or current shareprice)	70	90	70
Shareprice information (link to sharegraph)	50	60	50
Latest Annual report (pdf)	100	40	50
Latest press releases (or latest news, earnings releases)	80	70	90
Latest documents (interim reports, business results)	50	40	40
IR contact	70	30	0
CEO/president message	20	0	80
Latest webcasts	20	50	0
RSS/RNS feed	10	60	30

[27] Investors, Investor center, IR, For investors, Financial information are alternative names for the IR domain.

Figure 5.1: Graphical comparison of IR start pages in Sweden, UK and Japan



As illustrated above, a majority of companies place stock price ticker on the IR start page, showing company´s current share price. In many cases visitor of IR website can also find a link to more detailed share price information, usually presented in form of interactive share graph. Latest news and press releases, as well as latest annual reports and other interim reports and presentations are commonly disclosed on the IR start pages of the studied companies.

On the other hand, there are several items that are specific for only one or two financial markets. Such as, IR contact and financial calendar are often disclosed on the start pages of Swedish companies (in 70% respectively 40% cases). Another tool which is found to be used by 20% of only Swedish companies is feedback survey, where visitors can leave their feedback regarding content of the IR domain.

Information about Annual General Meeting is common for Sweden and UK (50% respectively 30% of companies) to have on the start page, but not for Japanese companies. Instead, 80% of studied Japanese companies´ IR start pages are found to disclose CEO/president message. However, CEO/president message is only used by 20% UK companies and never used by Swedish companies on the first page. Finally, UK companies are found to be leaders in having RSS/RNS features on the start pages (60% compare to 30% Sweden and 10% Japan), as well as latest webcasts (50% compare to 20% Sweden and 0% Japan).

5.3 Content of the IR domain

5.3.1 General company information

Most of the IR websites contain at least some of the general facts about the company, often highlighting company´s business concept, strategy and main profile. IR websites have often a separate section called ´The group´ or ´About us´, where general company information is disclosed. This information category consists of 17 items in the study´s checklist. Figure 5.2 presents how much company information out of the checklist is disclosed on the IR domains in Sweden, UK and Japan. Total score represents a sum of items disclosed on the studied IR websites of each country.

Figure 5.2

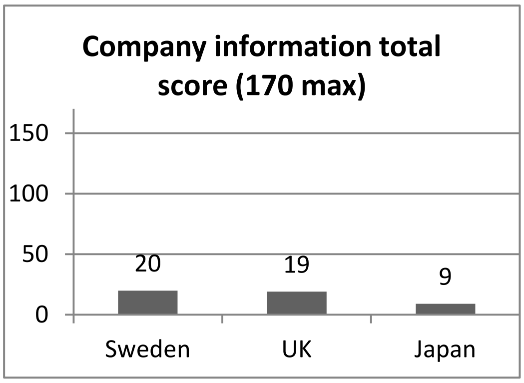


Figure 5.3

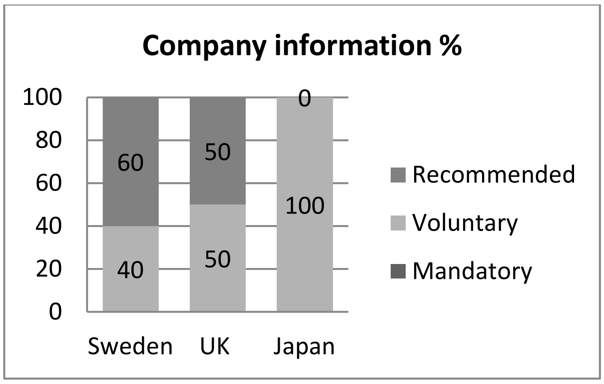


Figure 5.3 shows that all information related to the category ´Company information´ is voluntary. In addition to that, a significant amout of information presented by Swedish and UK companies, is suggested by the IR society and Nasdaq OMX Stockholm.

5.3.2 Financial information

Category ´Financial information´ (or alternative names might be ´Financial data´, ´Financial performance´, ´Financial information´) consists of 30 items in the checklist. Figure 5.4 introduces how much financial information from the checklist is disclosed in the IR domains of Swedish, UK and Japanese companies. More detailed, items of financial information, which are commonly used by all companies are dividend policy (60% Sweden, 60% UK, 40% Japan), dividend history (resp. 70%, 70%,70%) , key financial indicators (resp. 30%, 40%, 70%) and financial development presented in form of static tables and graphs (resp. 30%, 50%, 70%). Specific for UK is that 40% of UK companies use a dividend calculator in addition to the static dividend information. Swedish companies disclose a number of items, which are not commonly used in UK and Japan, such as acquisitions and divestments, development of the share capital and debt information.

Figure 5.4

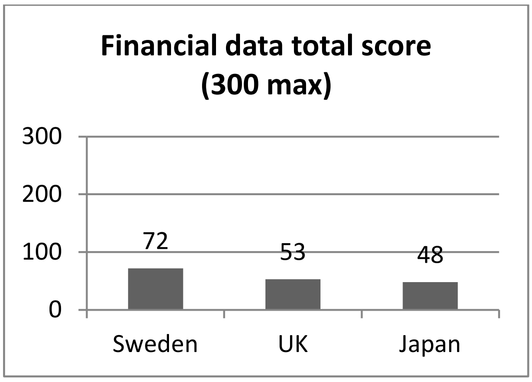
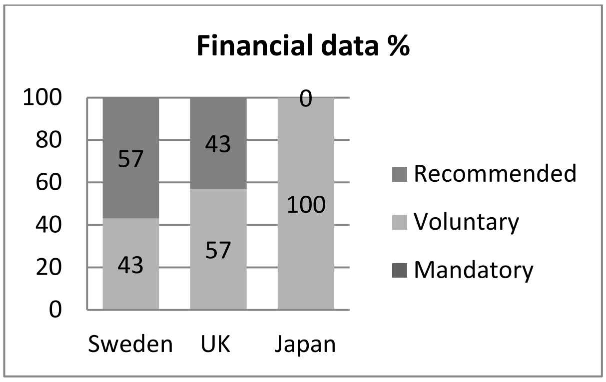


Figure 5.5



As shown by Figure 5.5 financial information on the IR website is 100% voluntary, and almost half of the financial information disclosed on the IR websites of Swedish and UK companies, derives from the best practice guidelines of the IR society and Nasdaq OMX Stockholm.

5.3.3 IR library

Category ´IR library´ (alternative names might be ´Reports and presentations´, ´Financial announcements´) consists of 15 items in the study´s checklist. As shown in the Chart 5.7, a significant part of the ´IR library´ presented on the IR websites is regulated by stock exchanges. The study of the IR websites in Sweden, UK and Japan resulted in that 51%, 51% and 73% of the disclosed information under this category is mandatory. Figure 5.6 shows how much information from this category is found in the IR domains of companies listed in the three studied financial markets.

A majority of companies disclose latest annual report in PDF format (100% of all), annual report archive for at least five years (100% of all companies), latest interim reports (80% Sweden, 90% UK, 90% Japan) interim reports archive (resp. 80%, 90%, 70%) and investor presentations (60%, 80%,70%). For Swedish and UK companies, it is common to additionally have an online version of annual report in HTML or FLASH formats, downloads of financial statements into Excel format and webcasts of the interim presentations. In addition, specific for Swedish companies is to offer visitors of the IR website a possibility to order printed reports (60% of Swedish websites). UK companies tend to rather have an electronic download center for all reports and presentations (50%), as well as alert service for upcoming reports and events (40%). CSR reports are usually not included in this section of IR domain and are often disclosed in the separate CSR domain. However, 30% of Japanese companies include a CSR report in the IR library section.

Figure 5.6

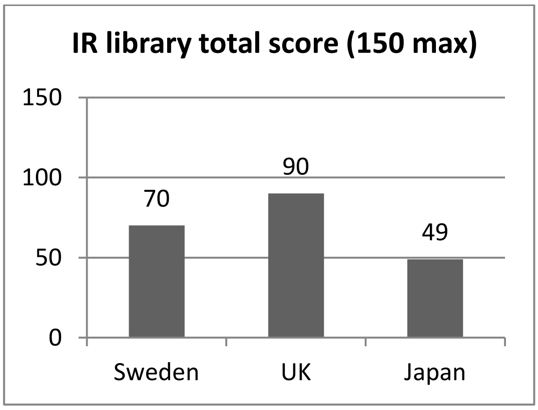
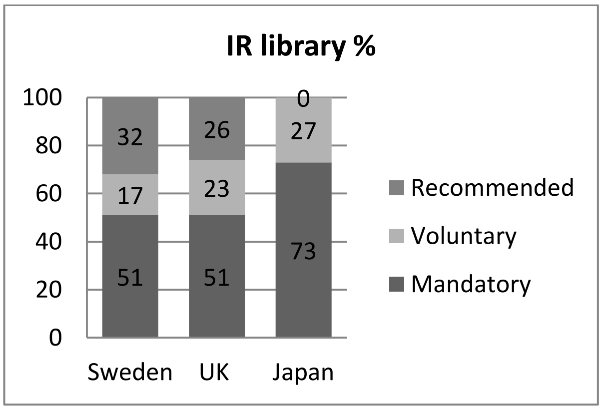


Figure 5.7



5.3.4 Shareholder information

Category ´Shareholder information´ (alternative names might be ´The shares´, ´Share information´, ´Stock and rating information´) is one of the most informative sections of the IR website and consists of 42 items in the checklist. Figure 5.8 gives an overview of how much shareholder information out of the checklist is disclosed in the IR domains in Sweden, UK and Japan. Common items of shareholder information for all companies are IR calendar (100% Sweden, 100% UK, 80% Japan), ownership structure (90%, 30%, 40%), share history (50%, 50%, 40%) and analyst coverage (90%, 50%, 40%). IR calendars in all three markets have an archive of financial and IR events for at least two years. IR calendar of Swedish and UK companies is often featured with a reminder and event subscription function.

Additionally, IR websites of companies in Sweden and UK actively use interactive share graphs (70% Sweden and 80% UK) showing detailed share information and enabling comparisons with a peer companies, indices or sectors and downloads of historic share prices in Excel format. Moreover, analyst coverage on the websites of Swedish and UK companies includes not only a list of analyst, but also analysts´ contact details. Insider information is presented by the majority of Swedish companies (70% including 40% showing insiders transactions), while companies in the UK and Japan do not disclose insiders information at all. Finally, a feature specific for only UK companies (60%) is section called e-communications, which offers shareholders individual online services.

Figure 5.8

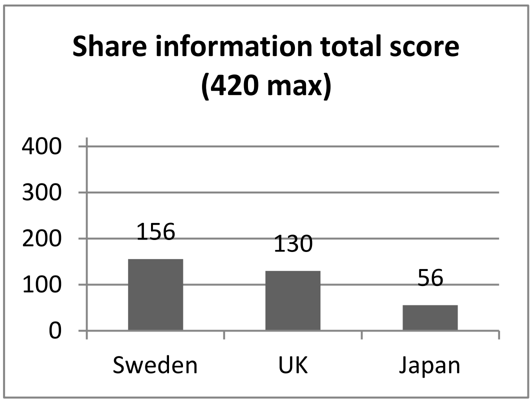
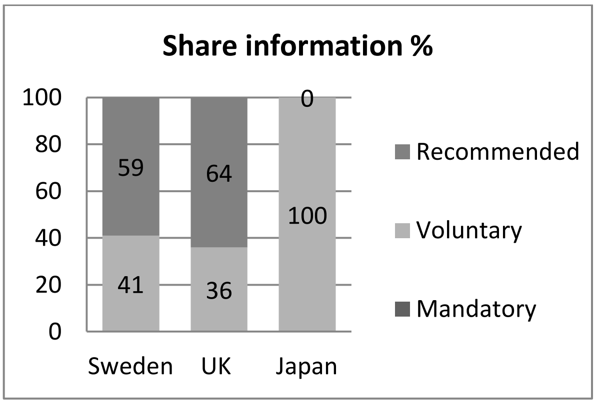


Figure 5.9



As illustrated by Figure 5.9, disclosure of the shareholder information on the websites is totally voluntary. Approximately 60% of shareholder information disclosed on the IR websites of Swedish and UK companies is recommended by the IR society and Nasdaq OMX Stockholm.

5.3.5 IR contacts

Category ´IR contact´ involves 16 items in the checklist. Figure 5.10 shows how much contact information out of the checklist is disclosed in the IR domains of Swedish, UK and Japanese companies. Japanese companies are found to disclose significantly less contact information compare to Swedish and UK companies. Most of the Japanese companies do not have IR contacts on the IR websites. Exceptions are two Japanese companies who reveal a fax number, a team e-mail address, office phone number, and visiting address of the IR division. Both Swedish a and UK companies present names of all Investor Relations Officers (IRO) (90% Sweden, 60% UK), positions (90%, 40%), phone numbers of each IRO (90%, 50%), e-mail addresses of each IRO (90%, 30%) and visiting address (50%, 80%). Swedish companies are additionally transparent in disclosing mobile numbers of IROs (70%), and photos of each IRO (80%), while 70% of UK companies rather prefer to disclose a team e-mail address (70%) and in some cases use an online enquiry form (20%) for communication.

Figure 5.10

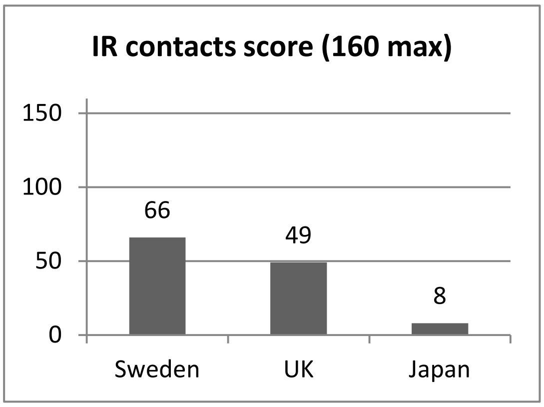
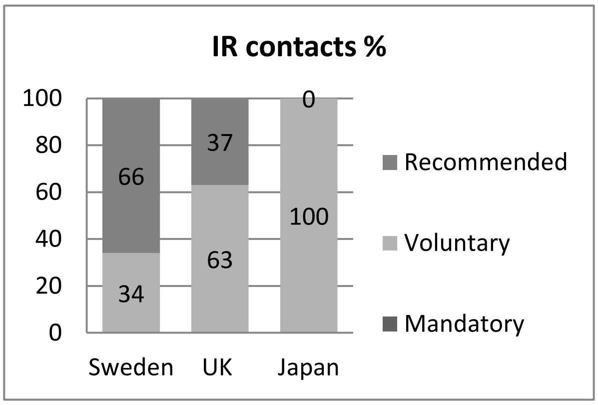


Figure 5.11



As shown in Figure 5.11, contact information is a voluntary disclosure on the IR websites. However, 66% and 37% of the contact information disclosed by Swedish and UK companies is recommended by Nasdaq OMX Stockholm and the IR society.

5.3.6 News and press releases

Category ´News and press releases consist of 6 items in the checklist. Figure 5.12 shows that near 20% of information out of the total score for this category is disclosed on Swedish, UK and Japanese IR websites. Almost all studied companies in the three financial markets have latest press releases on their IR websites (Sweden 80%, UK 70%, and Japan 90%). Common for all companies is also disclosure of the press release archive for at least 4 years (70%, 30%, 40%). 40% of Swedish companies and 20% of Japanese companies include conference calls and video presentations in this section, while 30% of UK companies provide stock exchange releases with alerts.

Figure 5.13 illustrates that a significant amount of information under category ´News and press releases´ is regulated by stock exchanges (Sweden 74%, UK 64%, and Japan 69%).

Figure 5.12

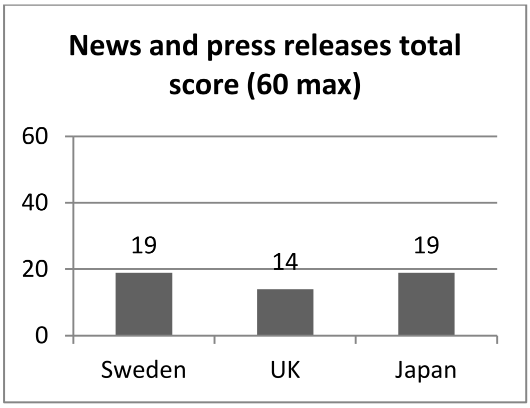
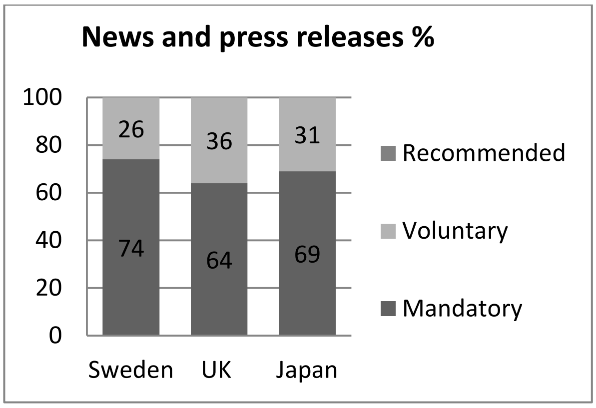


Figure 5.13



5.3.7 Corporate governance

Category ´Corporate governance´ (alternative names for this category are ´Management plan´, ´Management policy´) is a very informative section of the IR website, involving 30 items from the checklist. Figure 5.14 gives an overview of how much corporate governance information out of the checklist is presented in the IR domains of Swedish, UK and Japanese companies. In particular, information about Annual General Meeting is found to be disclosed under this category by most of the companies (Sweden 90%, UK 80%, and Japan 50%). Common for Swedish and UK companies is presentation of the board of directors and executive directors in details, including photos and backgrounds of each director (Sweden 60%, UK 40%).

In addition, Swedish and UK companies often present board committees (60%, 30%) on the IR website. Besides, Swedish companies are found to disclose remuneration policy (50%), and latest corporate governance reports (80%) with archive (50%). IR policy is disclosed in 40% and 20% of respectively Swedish and Japanese companies. President message (or president letter) is found to be disclosed by a majority of studied Japanese companies (70%). Finally, 40% of Japanese companies place a disclaimer on their IR website.

As illustrated in the Figure 5.15, corporate governance information disclosed on the Swedish, UK and Japanese websites is 100% voluntary. However, the voluntary part is rather well supported (Sweden 47%, UK 60%) by recommendations derived from the IR society best practice guidelines and recommendations of Nasdaq OMX Stockholm.

Figure 5.14

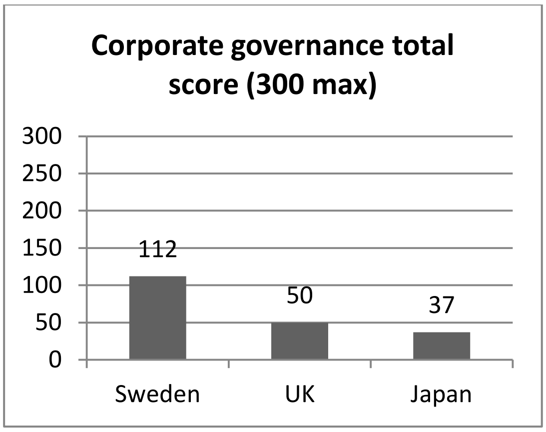
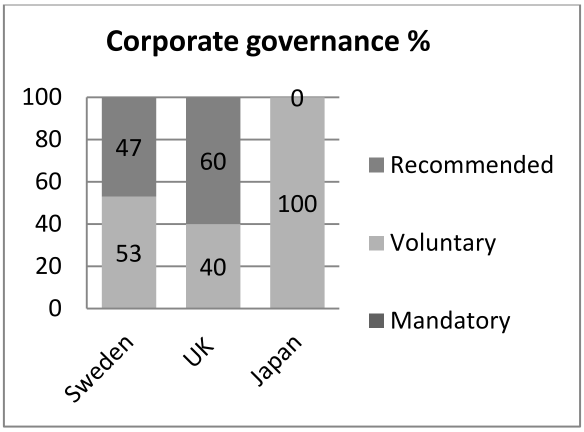


Figure 5.15



5.3.8 Technology features

This category involves technical features that support usability of the website and/or encourage interaction between the company and the user. The category involves 7 items in the checklist. Figure 5.16 shows an overview of how much features out of the checklist is presented on the studied IR websites. Common for all companies is to provide users with a site map and a search function, to facilitate better navigation. Another feature, specific for the UK companies´ websites, is a so called ´really simple syndication´, or RSS feed, which syndicates a content of press releases automatically. Features used by some of the Swedish companies´ IR websties are a mobile version of the IR website and a feedback survey.

Figure 5.16

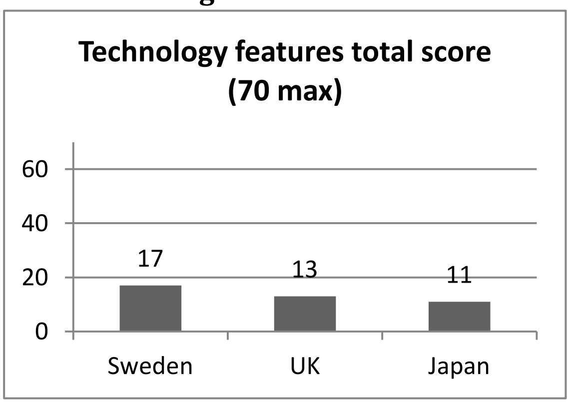
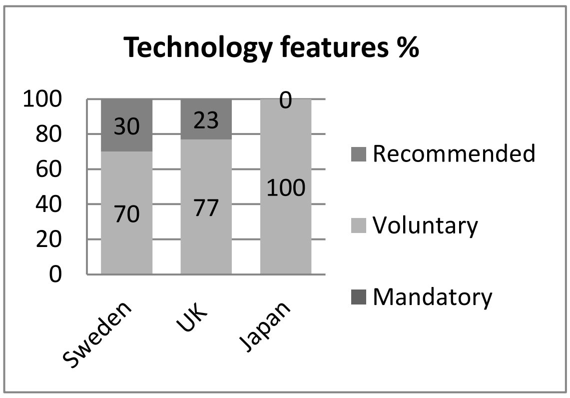


Figure 5.17

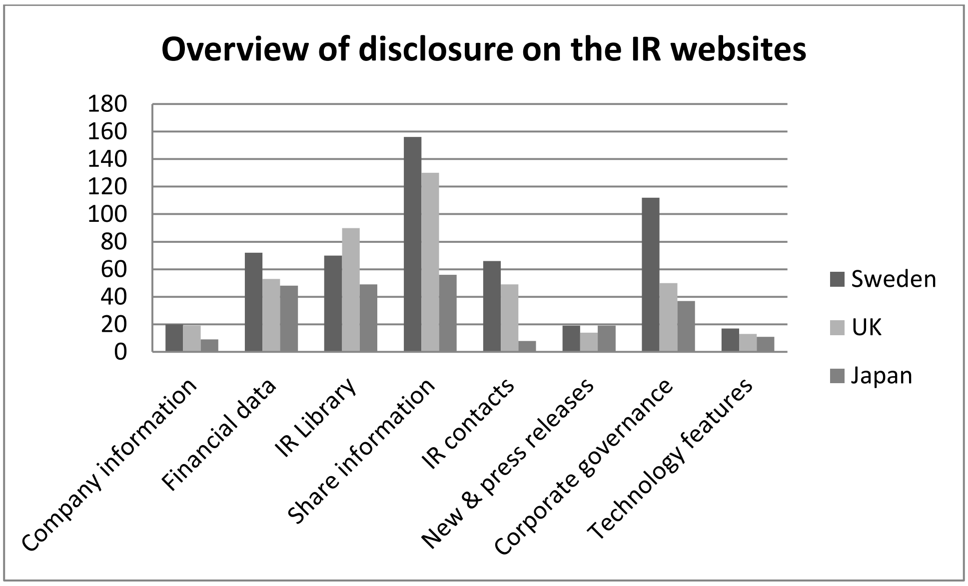


As shown in Figrue 5.17, tecknology features can be volantarily used on the IR website. However, some part is found to be recommented on the financial markets of Sweden (30%) and UK (23%).

5.4 Summary

To summarize the chapter, Figure 5.18 provides an overview of the IR information, disclosed by large companies listed in Sweden, UK and Japan.

Figure 5.18: Overview of disclosure on the IR websites of studied companies



The chart illustrates how many items of information under each category of the checklist is actually disclosed on the IR websites of studied companies.

The study identifies a fairly identical structure of the IR websites in Sweden, UK and Japan, but finds some variations in the amount of disclosure and presentation forms under each category of information. With other words, comprehensiveness of each category of disclosure varies between different markets.

Comparison of amount information, disclosed in the IR domains of the studied companies, shows that IR websites of Swedish companies appear to be most comprehensive in five categories out of eight – financial information, shareholder information, IR contacts, corporate governance and technology features. UK companies are found to be most transparent when it comes to IR library. Categories, where the study reveals most significant differences in comprehensiveness between different markets are company information, financial data, IR library, shareholder information, IR contacts and corporate governance. In most of these categories, UK companies´ websites are found to be very close to the Swedish companies (i.e. to be fairly equally comprehensive) and Japanese companies websites to be rather distanced and less comprehensive compare to Sweden and UK. However, categories corporate governance and financial data show a different tendency. Here, UK and Japanese companies are far less comprehensive compare to Swedish companies. Other categories such as IR library, news and press releases and technlogy features show rather homogenous results for companies in all three financial markets. Thus, most of the disclosure categories from the checklist result in that IR websites in Sweden and UK are significantly more comprehensive than in Japan.

In order to see wich information is additionally highlighted by companies, a start page of the IR domain was investigated separately. Following disclosure items are found in the majority of studied IR websites´ start pages: stock price ticker, shareprice information, latest annual reports, latest press releases, latest interim reports, IR contact (Sweden and UK), president message (Japan and UK), latest webcasts (Sweden and UK) and RSS feed.

Regarding institutional dimension of the contenet of IR websites, the study only identifies two categories, that are regulated by stock exchanges. These two categories are IR library and News and press releases. Remaining six categories are found to be 100% voluntary. In addition, a part of voluntary information disclosed by Swedish and UK companies is found to be supported by recommendations of Nasdaq OMX Stockholm and IR society. Differently from Swedish and UK companies, Japanese companies are found to only disclose voluntary infromation on IR websites. Tokyo Stock Exchange does not seem to provide any recommendations concerning content of IR websites. Even mandatory disclosure is only required to be released on the TDNet (see 3.3.4), and not on the corporate websites. However, all studied Japanese companies are found to disclose those ´mandatory´ items even on the IR websites.

6. Discussion and conclusion

This chapter presents a discussion of the study´s results from the perspective of the previous research. First, the inductively developed disclosure checklist is analyzed from the perspective of previously established dimensions of Internet disclosure and Web-environment. Next part focuses on the institutional dimension of the content of the studied companies´ IR websites. This is followed by a summarizing section, where conclusions are drawn and the research questions of the study are answered. The final section provides suggestions for continued research.

6.1 IR website disclosure and inductive approach

Investigation of 30 websites of companies in three different financial markets reveals that IR websites are similarely structured, i.e are consistent in presenting such main categories of information, as company general information, financial information, IR library, shareholder information, news and press releases, IR contacts, corporate governance, and technology. However, IR website disclosure is found to be differently comprehensive in the studied financial markets. According to Street et al (2007) comprehensiveness is a combination of type, amount and presentation form of disclosed information. The empirically developed checklist of the study provides an illustration of the above mentioned components of comprehensiveness of the IR website content. While the type of disclosure is found to be similar in different financial markets, the amount and presentation forms varies between companies in Sweden and UK on the one hand and companies in Japan on the other hand. As illustrated in the Table 5.1, the amount of disclosure has a significant difference between companies in Europe (max 100 in Sweden and 140 items UK) and Japan (max 38). The presentation forms also vary between different markets. Differently from companies in the UK and Sweden, companies in Japan are found to prefer more static presentation formats such as PDF files, static graphs and photo-images.

Due to the difference in methodological approaches, it is difficult to make an adequate comparison between this study´s results and the results from the previous empirical studies of IR websites, but an increased number of disclosure items, revealed in this study, might be regarded as an indication of a substantial development of Internet reporting over time. For instance, in late 1990s, such general issues as presence of IR website, presence of English version of website, presence of hyperlinks, graphics and dynamic updates were topics for discussion. Today, a company which is not performing a regularely updated website in English with hyperlinks and graphics is rather considered to be an exception. Addressing a categorization of Hedlin (1999), this study´s empirical result illustrates a development of the IR on the Internet has reached the third stage, ´taking advantage of the unique features and possibilities of the medium´, which also enables this information source to be more comprehensive.

Previous research on Internet reporting revealed a dimension of timeliness that distinguishes Internet reporting from the paper-based reporting (Street and Abdelsalam 2007). Additionally, previous studies of the Web-content have also resulted in new dimensions of the Web environment that motivate researchers to discuss new methods of approaching websites (Weare et al 2000). The results of the inductive investigation of 30 IR websites can be related to the following dimensions from the previous research:

Multiple media dimension involves different media format that information on the IR website can be presented in. These are video, audio presentations, interactive HTML and FLASH annual reports, graphs and excel sheets. Variety of the media formats may facilitate investors to handle more financial information from the website. Some of the formats, such as financial statements in Excel sheets, ready for calculations and analysis, flash annual reports with embedded real time share information, sharegraphs with included function of peers comparisons, enable investors to process a sizable amount of financial information in an easier way, which in its turn contributes to a better usability of the information. Usability is considered to be a part of concept of comprehensiveness according to Abdelsalam, Bryant and Street (2007), which means that improved usability contributes to a better comprehensiveness of the IR website.

Interactivity dimension exists in such IR web tools as interactive annual reports, alert services, interactive sharegraphs, historic shareprice look-up tools and more. The idea behind such tools is customization of the financial information, i.e. an investor can be quickly provided with the information requested through the tool. Even though an IR website mainly functions as a channel for dissemination of information (Jones, Xiao and Lymer 2002), presence of interactive dimension supports this channel with an additional function that enhances communication between company and investors. For example, above mentioned interactive web tools can facilitate an IR website to provide a response to investors´ requests concerning stock prices and analyst recommendations in selected points/periods of time, peer comparisons and dividend information. Moreover, some of the tools provide investors and analysts with a possibility to leave a feedback concerning content of information.

Timeliness and *archives* are also found in the content of IR websites. These two dimensions refer to a time perspective. Dimension of timeliness covers latest and most updated financial information presented in press releases, share tickers, latest share trades tools, as well as real time online meetings and presentations. Archival dimension covers availability of historical information in form of archives for annual and interim reports, press releases, analyst coverage archives, historic shareprices and more.

To sum up, the inductive approach is considered to be advantageous for this research in a way that it provides the study with a possibility to find those information items in IR websites that are not expected to be found, differently from the deductive approach. In this way, there is less risk that some important items of disclosure on companies´ websites are missed. For example, a category of corporate governance reveals such valuable information items as corporate governance structure, information on major shareholders, latest corporate governance report, names, photos and background of executive and non-executive directors. The presence or absence of this information on a company´s IR website may imply how much the leaders of the company are willing to be visible to analysts and investors on the corporate website.

The inductive approach is also addressing a problem of capturing volume of disclosure that is identified in the previous content analytic research of disclosure by Beattie and Thomson (2007). Inductively developed disclosure checklist enabled the study to illustrate the volume of disclosure under each category in a more clear way compared to the previous deductive studies of the IR websites. By conducting the study in this way, one can observe what is actually happening on the IR websites instead of gaining knowledge by checking for every information item derived from a researcher-constructed checklist. Consequently, it can be assumed that inductive approach contributes to a more comprehensive picture of the IR website´s content compared to a deductive (or researcher-constructed) approach.

However, an increased number of categories and information items in the checklist can also lead to a decreased comparability of the study´s results with other studies´ results. To moderate such conflict between decreased comparability of data and increased understanding of data, the prior methodological research suggests involving more coders and extending the research on a longitudinal basis (Beattie and Thomson 2007), which can be a suggestion for future research. Another aspect, which might be worth discussion here, is how the volume is connected to the quality of information. The methodology of this study did not study the user´s perception of the volume of disclosure. However, in the previous literature, there is some evidence showing that too much information presented on a website can lead to a cognitive overload and distruction (Debreceny and Gray 2001). How the volume of disclosure is perceived by users and how it is connected to the quality of information is a suggestion for further research (see details in 6.4).

6.2 Institutional dimension on IR websites

To address the question of how voluntary disclosure on the IR websites is influenced by institutional factors, the study refers to regulations stock exchanges and recommendations of the IR community in Sweden, UK and Japan. Regulations, found in stock exchange agreements (see 3.3) appear to involve more structured set of rules compare to the earlier results by Craven and Marston (1999), Lymer (1999), Hedlin (1999) and Marston (2003).

As illustrated by Figure 4.18, IR information, involved in three categories out of eight, is partly regulated by stock exchanges. As it can be seen from Table 3.1, mandatory part of information seems to be harmonized between the markets, with an exception of Tokyo Stock Exchange; requirements of TSE do not directly address websites of the listed companies and rather focus on the Timely Disclosure Network (TDNet) as a main information source for investors. This approach might lead to a secondary role of a website as information source in Japan, which provides much more space for flexibility of Japanese companies´ IR domains.

Addressing Hassan and Marston´s (2010) categorization based on the prior studies of disclosure, both voluntary and mandatory disclosure were found on the IR websites. Voluntary disclosure on the IR websites in Sweden and UK involves a significant amount of qualitative information. Moreover, voluntary information provided by Swedish and UK companies is found to be well supported by detailed best practice recommendations of the stock exchange and IR society. These findings are in line with the predictions made in the Delphi study of Jones and Xiao (2003), who predicted that corporate websites by 2010 would provide shareholders with the core material, i.e. a regulated and standardized disclosure on the one hand, and with the customized non-core material, a voluntary and rather qualitative information on the other hand (Jones and Xiao 2003).

Empirical results of the study show a number of similarities in the structure of the IR website in Sweden, UK and Japan. In particular, IR websites in different markets contain similar categories of information. DiMaggio and Powell´s theory of isomorphism may provide explanation of such similarities. Regulations and recommendations, reflected in the content of companies IR websites, can be regarded as an empirical example of institutional processes of coercive and normative isomorphism. With other words, regulations of the stock exchanges that address ´core issues´ such as presence of latest annual and interim reports, press releases and annual report archives result in a coercive isomorphic change, when companies´ practices become similar due to the impact of laws and stock exchange regulations. Even voluntary part of the IR website is assumed to have a similar ´surface structure´ across markets because of the impact of the IR best practice recommendations. This is an example of DiMaggio and Powell´s normative isomorphic change.

When it comes to the differences in amount of voluntary disclosure and its connection to the differences in institutional factors, the empirical results show that the studied companies, listed in countries with a ´strong level´ of stock exchange regulatory environment and a ´strong accounting value level´ (see 4.1), such as Sweden and UK, has a higher extent of voluntary disclosure on the IR websites. Correspondingly, as it is illustrated by Table 6.1 below, IR websites of the studied companies listed in Japan, a country with a ´weak level´ of stock exchange regulatory environment and a ´weak accounting value level´, are found to disclose less information voluntarily. Respectively, the Japanese companies which, according to Gray´s model, tend to be more conservative, rules-oriented and less transparent, disclose significantly less voluntary information compared to Swedish and UK companies, that are considered to be more open and value-oriented according to Gray´s categorization. On the other hand, investigated companies in Sweden and UK, where stock exchanges´ and IR community´ s regulations and recommendations address Internet reporting to a higher extent, appear to disclose more voluntary information on the IR websites.

Table 6.1: Institutional factors in relation to extent of volutary disclosure on IR websites

Level	LSE	Stockholm OMX	TSE
Stock Exchange regulations	strong	strong	weak
Accounting values	strong	strong	weak
Voluntary disclosure on IR websites	strong	strong	weak

6.3 Conclusion

The purpose of this study was to identify IR website´s categories of information by using an alternative research approach. Included in the purpose was also to analyze amount of information and institutional dimension within each information category of the IR website. Related to the purpose, three research questions were formulated:

1. What types of content and format of information are provided on the corporate IR websites?

2. How much of each type of information is provided?

3. To what extent is the voluntary information influenced by institutional factors?

To answer the first two questions, an inductive category development of IR websites of 30 companies, listed in three different financial markets, was made. This investigation resulted in 8 main categories and 163 items of information. Information can be presented in various formats, including interactive graphs, excel tables, audio and video files, HTML and FLASH formats. Analysis of the amount of disclosed information found a similar surface structure of the IR websites in different financial markets, but a considerable variation of amount information within each category. Swedish and UK companies appear to disclose more information compared to Japanese companies.

To address the third question of the study, a list of regulations and recommendations on the issue of Internet reporting was matched with the disclosure checklist of content of IR websites. The study reveals that there is an institutional dimension in corporate reporting on the Internet. There is some evidence showing that institutional impact on the content of IR websites in Sweden and UK is greater than in Japan, which contributes to a difference in extent of voluntary information between markets.

Empirical material generates an updated picture of what information companies in Sweden, UK and Japan provide to investors via IR websites, which might be a contribution to the previous empirical results discussed in the Chapters 2.

In this study, an alternative methodological approach is suggested for studying a dynamic environment of the websites. Prior research overview reveals that earlier studies on the area of Internet reporting were performed in a deductive way by having theoretically developed research instruments to analyze a content of websites. At the same time, prior research acknowledges a highly dynamic nature of the Internet environment, which makes the content of messages more changeable and complex compared to the traditional paper-based information channels. This motivated the study to find an alternative approach within the content analysis methodology, to contribute to understanding of a modern IR website as an information source. In order to obtain an updated picture of the modern IR website, the study was conducted in an inductive way. The method of inductive category development enabled the study to show what type of information and what presentation formats IR websites actually provide to analysts and investors.

6.4 Suggestions for continued research

The outcome of this empirical study opens opportunities for continued research on the topic of Internet disclosure. In particular three main questions are suggested.

1. *What is used on the IR websites? By whom and in what situations?*

Analyzing IR website disclosure, provided by companies in Sweden, UK and Japan, this study was limited by a provider-perspective. However, inductively developed disclosure checklist may facilitate a continued investigation of the IR websites from a user- perspective.

To date, only two user-studies are found in the current Internet reporting research. In 2001, Debreceny, Gray and Mock (2001) investigated what users prefer in terms of form and content on the financial websites. The authors used a Web survey as a research tool and the results were based on the response of 169 potential users, among which 58% are from education/training industry and 23% are professional accountants. The second article, written by Rowbottom, Allam and Lymer (2005), studied usage of investor relations information through the analysis of Web server logs files, i.e. the information on each ´request´ from the user, that reveals IP address of the user, how the user navigates on the website, how many times and which information category the user accesses, the average time the user spends on each page, page views over the year and more.

Both studies have limitations. The first study´s results are based on the surveys of the group of the respondents who are not necessarily analysts, investors or actual users of companies´ websites. Besides, this study generated somewhat too broad categories, which might depend on too broad groups of respondents and too general content of the survey. The other study´s limitation is that the type of users taken from the Web server log files is not identified in terms of profession, i.e. the study does not have focus on investors and analysts as a specific group of web users and therefore only generating results about general navigation patterns.

2. How do providers address their audience?

To investigate how the companies address their audience and to what degree the content of the IR websites is relevant to analysts and investors is another suggestion for continued research. This empirical study investigated amount, or a volume of disclosure on the IR websites. However, to what extent does the amount of disclosure contribute to the quality and transparency of disclosure? What negative effects can Internet disclosure possibly have on users? These questions remain unanswered yet. Existing research provides indications that transparency of information is an important issue on the capital market (Street et al 2007). According to Street et al (2007), a concept of transparency of communication on a corporate website involves an accurate, comprehensive and timely disclosure. Components of comprehensiveness of Internet disclosure has been treated in this particular study of IR websites in Sweden, UK and Japan. An additional investigation of accurateness and timeliness of Internet disclosure can be suggested for continued research.

3. How can the provision and usage of Internet disclosure be studied?

As previously articulated in the methodological chapter, the inductive approach chosen in this study is assumed to be advantageous in a way of resulting in more comprehensive research instrument compare to the prior deductive studies. However, this approach involves limitations, previously discussed in this thesis. The suggestion for the continued research is to further develop more sophisticated methods of studying both the provision and the usage of Internet disclosure.

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Tokyo Stock Exchange http://www.tse.or.jp
IR Society UK http://www.ir-soc.org.uk
Global Investor Relations Network http://www.girnet.org

Investor Relations websites of studied companies:

Alfa Laval: http://www.alfalaval.com/about-us/investors/Pages/investors.aspx

Electrolux: http://group.electrolux.com/en/category/financial-information/

Handelsbanken: http://www.handelsbanken.se/ireng

H&M: http://about.hm.com/hr/investorrelations__investor.nhtml

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