

## **MIICEMA 2014 ORGANISING COMMITTEE**

### **Committee Members**

Patron: Professor Datuk Dr Noor Azlan Ghazali

Advisors: Professor Dr Nor Ghani Md Nor

Associate Professor Dr Maisarah Ahmad

Chairperson: Dr Mohd Rizal Palil

Co-chairperson: Lt Cdr (Retd) Dr Lokhman Hakim Osman

Secretary: Miss Normaziah Zaini

Finance: Dr Mara Ridhuan Che Abdul Rahman

Marketing and Publicity: Dr Norlin Khalid

Protocol and Reception: Dr Mohd Mohid Rahmat

Working Papers and Publication: Associate Professor Dr Hawati Janor

Certificates and Souvenirs: Associate Professor Dr Mariani Abdul Majid

Logistics: Mr Mohd Dzul Azzwan Mohd Nor

Technical and Special Tasks: Dr Hazrul Izuan Shahiri

Website and Technology: Dr Khairul Azman Aziz

Keynote Speaker and VIP Invitation: Associate Professor Dr Noorasiah Sulaiman

### **Sub-Committee Members**

Associate Professor Dr. Mohd. Azlan Shah Zaidi

Associate Professor Dr. Nor Liza Abdullah

Dr. Abu Hanifah Ayob

Dr. Amizawati Mohd. Amir

Dr. Mohd. Hasimi Yaacob

Dr. Rozita Amiruddin

Mr Hairunnizam Wahid

Miss Siti Ngaesah Ab. Hamid

Miss Veelaiporn Promwichit

Mr Muhammad Shah Rizal b. Mohd. Ghazali

Mrs Haslina Hamdan

Miss Hasni Arshad

Mr Muhamad Azrin Supar

Mr Mohammad Zukry Ahmad

Mrs Noorsyam Noordin

Miss Nor Nadia Nordin

Mrs Norul Syuhada Abu Hassan

Miss Nadzirah Yahya

## **PANEL PENILAI / PANEL OF REVIEWERS**

Professor Dr. Ishak Yussof  
Professor Dr. Norman Salleh  
Professor Dr. Rahmah Ismail  
Associate Professor Dr. Aini Aman  
Associate Professor Dr. Aisyah Abdul Rahman  
Associate Professor Dr. Azhar Ahmad  
Associate Professor Dr. Azman Ismail  
Associate Professor Dr. Basri Abdul Talib  
Associate Professor Dr. Che Aniza Che Wel  
Associate Professor Dr. Doris Padmini Selvaratnam  
Associate Professor Dr. Hawati Binti Janor  
Associate Professor Dr. Madeline Berma Associate  
Professor Dr. Maisarah Ahmad Associate Professor  
Dr. Mariani Abdul Majid Associate Professor Dr.  
Mohamat Sabri Hassan Associate Professor Dr.  
Mohd Azlan Shah Zaidi Associate Professor Dr.  
Mohd Hizam Hanafiah Associate Professor Dr. Nor  
Asiah Omar Associate Professor Dr. Nor Liza  
Abdullah Associate Professor Dr. Norazlan Alias  
Associate Professor Dr. Norlida Hanim Mohd Salleh  
Associate Professor Dr. Romlah Jaafar Associate  
Professor Dr. Rosmah Mat Isa Associate Professor  
Dr. Ruhanita Maelah  
Associate Professor Dr. Ruzita Abdul Rahim  
Associate Professor Dr. Shahida Shahimi  
Associate Professor Dr. Sofiah Md Auzair  
Associate Professor Dr. Syed Shah Alam  
Associate Professor Dr. Zafir Mohd Makhbul  
Associate Professor Dr. Zakiah Mohammaddun Mohamed  
Associate Professor Dr. Zizah Che Senik  
Associate Professor Dr. Zulkefly Abdul Karim  
Dr. Abu Hanifah Ayub  
Dr. Harlina On  
Dr. Hazrul Izuan Shahiri  
Dr. Hendon Redzuan  
Dr. Lohhman Hakim Osman  
Dr. Mara Ridhuan Dr.  
Mohd Adib Ismail Dr.  
Mohd Daud Ismail  
Dr. Mohd Hasimi Yaacob  
Dr. Mohd Rizal Palil  
Dr. Noor Azryani Auzairy

Dr. Noor Azuan Hashim  
Dr. Nor Hasni Juhdi Dr.  
Norazila Mat  
Dr. Norida Basnan  
Dr. Norlin Khalid  
Dr. Norsiah Aminudin Dr.  
Roshayati Abdul Hamid Dr.  
Rosiati Ramli  
Dr. Rozita Amiruddin  
Dr. Rubaayah Yaakob  
Dr. Shifa Mohd Nor  
Dr. Zaleha Yazid  
Mr. Ahmad Raflis Che Omar  
Mr. Mhd Suhaimi Ahmad  
Mrs. Farhana Sidek



## TABLE OF CONTENT

Quality of Human Resources and Application of Income Tax Accounting at Construction Company in Palembang City .....	3
Pension Fund Investment in Nigeria: Islamic Perspective.....	21
Kajian Penggunaan Tajuk dalam Penyata Kewangan di Malaysia.....	31
Internet Financial Reporting of Malaysian Companies - A Study of Preparers' Perception .....	49
Detecting Earnings Manipulation by Malaysian Public Listed Companies: The Reliability of Beneish M-Score Model.....	67
The Implementation and Disclosure of Corporate Social Responsibility (CSR) in Indonesian Banking Industries.....	82
The Effect of Internal Audit Quality on Good University Governance and its Implications on The Quality of Education Operation that Contributes to Graduates Quality: A Case Study at Private Higher Educations in Region III Of West Java Indonesia .....	98
The Effect of General Allocation Fund (DAU) and Regional Real Income (PAD) on the Regional Expenditures (Empirical Studies of the Government District/city of the Province of Bengkulu).....	117
Determinants Company Conditions in Disclosure Corporate Social Responsibility: Case Study in High Profile Indonesian manufacturing companies.....	138
Preliminary Analysis on Related Party Transactions in Corporate Circulars .....	146
The investigation of the credit risk and its role in cash flows, macroeconomic factors and competition in Iranian banking industry .....	158
The Influencing of Local Parliaments (DPRD) Control Function on Good Government Governance (GGG) with their knowledge about budget as a moderating variable (study on local parliaments of Bengkulu Province 2009-2014). .....	165
Discharging Accountability through Governance: Cases from Waqf Institutions in Indonesia .....	181
Ownership Structure and Risk Taking of Malaysian Banking Institutions.....	193
The Effect of Disclosure Corporate Social Responsibility (CSR) Against Corporate Value with Price Earnings Ratio as Moderating Variables on The Main Sectors .....	212
The Determinant Factors of Indonesian Public Listed Companies' Debt Policy .....	227
The Influence of Internet Financial Reporting and Degree of Information Disclosure on Company's Website to the Frequency of Stock Trading on Trading, Services, and Investment Company Listed on Indonesian Stock Exchange .....	253
Combined Effect of Executive Stock Option Granting and Blockholder Ownership on Firm Performance in Malaysia.....	265
The Role and Influence of Corporate Leader Values on Corporate Governance Mechanisms and Financial Reporting Quality.....	276
The Relationship Between Leadership Behavior to Organizations Commitment, Budgetary Participation, and Job Satisfaction in Creating Good Government in Bengkulu City .....	319



Audit Fees: The Role of Auditor Type and Audit Market Competition .....	333
The Effect of Board Diversity, Multiple Directorships and Ownership Structure on Firm Performance.	356
The impact of Corporate Governance on Dividend Payment Policy: empirical evidence from Iranian Listed Companies.....	380
Establish a Balance Scorecard Approach to Enhance Zakat Distribution System in East Coast Region .	391
Corporate Governance and Firm Value: Evidence from Iranian Listed Companies .....	406
Financial literacy and communication of financial ratios .....	417
The Relationship between Intensity of Competition, Delegation of Authority, Management Accounting and Control Systems Changes, Organizational Performance (Empirical Study in Manufacturing Companies Listed in Indonesian Stock Exchange).....	440
Hubungan Di Antara Keadilan, Kepercayaan Dengan Pematuhan Cukai Individu Di Malaysia .....	451

(MIICEMA 2014)

10-11 November 2014

Hotel Bangi-Putrajaya, Malaysia

# **The Influence of Internet Financial Reporting and Degree of Information Disclosure on Company's Website to the Frequency of Stock Trading on Trading, Services, and Investment Company Listed on Indonesian Stock Exchange**

YULIA SAFTIANA  
Accounting Departement  
Sriwijaya University  
INDONESIA  
[ysaftiana@yahoo.com](mailto:ysaftiana@yahoo.com)

SAVITRI DEWI WULANDARI  
Accounting Departement  
Sriwijaya University  
INDONESIA

EMYLIA YUNIARTI  
Accounting Departement  
Sriwijaya University  
INDONESIA  
[emylia\\_yuniarti@yahoo.com](mailto:emylia_yuniarti@yahoo.com)

RELASARI Accounting  
Departement Sriwijaya  
University INDONESIA  
[relasari\\_mkr@yahoo.co.id](mailto:relasari_mkr@yahoo.co.id)

## **Abstract**

Development of information technology, especially internet, has affected the traditional form of presenting information on company. An additional media appears to present financial report through the internet or website, it is called Internet Financial Reporting (IFR). Furthermore, company began an effort to reduce the asymmetry of information by utilizing the company's website to disclose information related to the company. This research aims to determine the effect of IFR practices and the disclosure of information on the company's website to the frequency of trading stock on trading, services, and investment company.

This research uses data collected in 2009-2011. Linear regression is used to determine the correlation between IFR and the degree of information disclosure on the company's website to the frequency of trading stock on trading, services, and investment company.

The results of this research indicate that the IFR and the degree of information disclosure on the company's website have positive effect to the frequency of trading stock on trading, services, and investment company.

Keywords: Internet Financial Reporting, degree of disclosure, information disclosure on the website, financial reporting disclosure, the frequency of stock trading.

## INTRODUCTION

In recent decades the development of technology is growing rapidly, especially in the field of communications. This development of technology has brought changes not only in the public mindset, but also how a company's business and how information is exchanged. One of the biggest developments in information field and communication technology is the development of the Internet.

According to Internet World Stats on its website [www.internetworldstats.com](http://www.internetworldstats.com), in the last ten years the number of Internet users in the world continues to increase. From 300 million users in 2000 increased to 2 billion users in 2011. In Indonesia, Internet users reached more than 39 million to the end of 2011.(Source: [www.internetworldstats.com](http://www.internetworldstats.com)).

The development of technology in the business world is shown by many companies have their own personal website. The company uses a website to disseminate not only financial information but also non-financial information. Financial disclosure in the company's website (Internet Financial Reporting-IFR) is a form of voluntary disclosure that have been practiced by various companies. 1000 survey of large European companies showed that 67% of companies already have websites and 80% of companies that have a website on the internet reveals the financial statements. By 2006, more than 70% of large companies in the world adopted IFR (Kahn, 2006).

In Indonesia, Bapepam issued a regulation through the Chairman Decree No.86 of 1996 regarding the disclosure of information that must be announced to the public which reads: "Every public company or issuer that the registration statement has become effective, needs submit to Bapepam and make public as soon as possible, most later than the end of working day-2 (two) after the decision or the presence of material information or facts that may affect the value of corporate securities or investment decisions investors ".

According to Samsul (2006), the principle of information disclosure is very important for capital market participants, especially the public investors either good or bad information that could affect the running of the company have reached the hands of public investors. Capital market participants will evaluate any announcements published by issuers, so that it will cause some changes in the stock trading, such as price changing, volume, and frequency of stock trading. This indicates that the information coming into the market will trigger a reaction from the capital market. This is consistent with signaling theory, where the stock price, volume, and frequency of stock trading that forms in the market is a reflection of existing information. (Ball & Brawn, 1968; Fama et al., 1969).

In this study, the frequency stock trading used to determine the relationship between information and stock. Logically, the more information is circulated, the more demand and supply that led to the transaction by the investor that would trigger an increase in the frequency of stock trading.

This research refers to previous research conducted by Hargyantoro (2010), the influence of internet financial reporting and disclosure level on the frequency of stock trading website. Companies that take are listed in the index compass 100 in 2009 while this study examined the influence of internet financial reporting and degree of information disclosure on company's website to the frequency of stock trading on trading, services, and investment company in the research period of 2009-2011. Meanwhile, the reason why researcher took trading, services, and investment company as the object of research is based on the information contained in the Factbook IDX trading company, services, and investment is a company with the largest number of listed company that have their own website until the end of 2011.

Based on the description above, this study took the title "The Influence of Internet Financial Reporting and Degree of Information Disclosure on Company's Website to the Frequency of Stock Trading on Trading, Services, and Investment Company Listed on Indonesian Stock Exchange "

### **Problem Statement**

1. Does Internet Financial Reporting (IFR) affect the frequency stock trading on trading, services, and investment company?
2. Does the degree of information disclosure on company's website affect the frequency of trading company stock trading, services, and investment?

## **LITERATUR REVIEW**

### **Signalling Theory**

Signaling theory explains why the company has the urge to provide financial information to external parties. Urge companies to provide information is to reduce information asymmetries between firms and outsiders. Lack of external information about the company caused them to protect themselves by providing low prices to the company. Companies can increase firm value by reducing information asymmetry. One of is to give a signal to outsiders, namely in the form noted that financial information is reliable and will reduce the uncertainty about the future prospects of the company (Wolk et al., 2000 in Sari & Zuhrotun, 2006).

Marston (2003) states there is a general perception that the management company that performs well in more open with information than the management of poorly performing companies. Based on signal theory, in such situations the harder to improve the management of shareholder confidence and support of management contracts. Marston also states that profitable firms will have more financial resources to comply with additional disclosure. So, the more profitable a company, the greater the possibility for them to disclose additional financial information.

### **Disclosure of Financial Statements**



According to Warren et al. (2008) financial statements are accounting reports that yield information about the state of a company as well as a communication tool between the company's information with interested parties with company's information. Complete financial report normally includes a balance sheet, income statement, statement of changes in financial position (which can be presented in various ways such as a cash flow statement), and the records of the financial statements.

#### **a. Mandatory Disclosure**

Mandatory disclosure is a disclosure made by companies about important information concerning the activities of companies in real terms and conditions that are mandatory and set out in regulations (Suwardjono, 2005 in Kusumawadini, 2010).

According to the Decree of the Chairman of Bapepam. Kep-38/PM/1996 dated January 17, 1996, companies that have made public offerings and public company is obliged to submit an annual report containing the Financial Highlights, analysis and discussion by Management, audited Financial Statements and Management Report. Financial statement submitted must be prepared in accordance with Accounting Principles Thanking General (GAAP) established by the Institute of Accountants Indonesia and Bapepam regulations in the accounting field and have been audited by an Accountant registered with Bapepam. Along with the development regulations in the business world is enhanced in the Decision of the Chairman of Bapepam-LK. Kep-134/BL/2006.

#### **b. Voluntary Disclosures**

Voluntary disclosure is a disclosure made by the company beyond what was required by accounting standards or regulatory oversight body.

Easy & O'Hara (2004) stated that the company reserves the right to provide additional information to facilitate voluntary users of financial statements in making decisions. Extensive voluntary disclosure depends on company policy. Among the company's policy and the other one will be different. This is due to the lack of extensive regulations regarding voluntary disclosure, so not all companies do the same disclosure practices, but according to the needs of the company.

#### **Internet Financial Reporting (IFR)**

Internet Financial Reporting is the inclusion of financial information via the internet or the company's website (Lai et al., 2010). Venter (2002) in Kusumawadini (2011) suggests that there are three ways of presentation of financial statements through the website, namely:

1. Make a duplicate of financial statements that have been printed to paper in electronic format.
2. Converting financial statements into HTML format.
3. Increase the inclusion of financial statements through the website so that it more accessible by interested parties rather than the financial statements in print format.

Fitriana (2009) in Kusumawadini (2011) revealed that the IFR has several advantages, among others:

1. Offers a low cost solution for both parties.

2. Offers timeliness in the dissemination of and access to information so that information is more relevant as time.
3. As the mass communication media to report the company.
4. Offers financial information in a format that facilitates sharing and can be downloaded. Adobe Acrobat format in portable document format (PDF) is usually the most common format used (Pervan, 2006). In addition to the format used is HTML (Hypertext Markup Language), Excel.
5. Allows the user to interact with the company to inquire or order specific information in a way that is much easier and cheaper.

### **Frequency Trading Shares**

Frequency is the number of times stock trading transactions in question occurred in stock at any given time. With the stock trading frequency is known stock investor is interested or not. The more the frequency of trading a stock means the stock is more liquid. Conversely, if the stock is trading a little mean frequency of these shares are not liquid or unattractive to investors (Samsul, 2006).

Stock trading frequency greatly affect the number of shares outstanding, if the amount of the stock trading frequency is stated as the most active stocks traded and indirectly affect the volume of stock trading. Frequency of large trades of shares of stock transactions allegedly influenced a very active, and this is because many investors. An increasing demand for the shares will indirectly increase the frequency of trading (Samsul, 2006).

### **Research Accomplished**

Development of empirical research related to Internet Financial Reporting (IFR), which reflects the development of corporate disclosure forms began to grow rapidly since 1995. In general, this study focuses on the more developed countries, like Britain, the United States, Germany, Australia, Japan, and China. As for the newly developing countries there is some research on the Internet Financial Reporting.

Several previous studies related to information associated with the following proposed IFR. Ashbaugh et al. (1999) conducted a survey of 290 U.S. companies have traditionally its financial reporting practices have been evaluated by the AIMR. The hypothesis proposed in this study is the size of the firm, ROA, reporting by the AIMR rankings, and the percentage of shares held by individual investors against the IFR. Of testing showed that only the size of the companies that have a significant effect on financial reporting practices through the internet.

Marston (2003) conducted a study on IFR practices in Japan. This study examined the relationship between firm size, industry type, profitability and overseas listing status of IFR practices in Japan. The results show there is a positive relationship between firm size to IFR. While the type of industry, profitability and overseas listing status had no effect on IFR practices in companies in Japan.

Lai et al., (2010) examined the quality of IFR and concluded that the quality was positively related to firm size is expressed in the form of stock ownership or capitalization of the company.

Research related to Internet Financial Reporting in Indonesia itself has started being conducted by several researchers. Among them done by Chariri & Sustainable (2005), Budi & Almilialia (2007), Chandra (2008), Almilialia (2009), Sharon (2009), and Hargyantoro (2010).

Chariri & Sustainable (2005) conducted measurements of the seven factors that affect the IFR (company size, profitability, liquidity, type of industry, leverage, auditor reputation, and age of listing the company). The result is a positive effect on IFR is firm size, liquidity, leverage, auditor reputation, and the age of the listing companies.

Budi & Almilia (2007) measure the quality of Financial and Sustainability Reporting on the website of the bank sector and LQ-45, whereas Almilia (2009) analyzed the quality of the content of financial and sustainability reporting in publicly traded companies that concluded that companies in Indonesia have not been optimally utilize the website for disclose the information.

Chandra (2008) investigated the influence of company size, profitability, leverage, liquidity, public ownership, foreign ownership, listing age of the inclusion of financial information on the website. The result of company size, public ownership and foreign ownership have a significant effect on the inclusion of financial information on the website.

Fitriana (2009) investigated the influence of competition, firm size, profitability, leverage of wider disclosure of financial information on a company website. The results obtained are only firm size and leverage a significant effect on the area of financial disclosure in the company's website.

Hargyantoro (2010) tried to connect the IFR and the level of disclosure on the website of the frequency of trading in shares in companies that enter into the compass 100 index, a result both have a significant influence on the frequency of stock trading.

### **Hypothesis**

H1: Internet Financial Reporting has positive effect on the frequency of stock trading on trading, services, and investment company.

H2: The degree of information disclosure on the company's website has positive effect on the frequency of stock trading on trading, services, and investment company.

## **METHODS**

### **Scope of Research**

In writing this paper, the authors limit the scope of the discussion only on the frequency aspect of stock trading in the company's trade, services, and investments are listed on the Indonesia Stock Exchange between the years 2009-2011.

### **Draft Research**

Types of research used in this study was descriptive statistics and the study is quantitative.

### **Data Sources and Collection Techniques**

#### **Source of Data**

The data used in this study is secondary data, ie data obtained from the indirect object, but rather by way of search-related data objects under study, for example through the books or documents deemed relevant (Cooper & Emory, 2004) . Secondary data used in this study is the financial and non financial information contained in the company's website and stock trading frequency obtained from the IDX Factbook 2009-2011.

### **Data Collection Techniques**

#### 1. Field Research.

That is, with documentation in the form of data collection techniques in Indonesia or the Indonesia Stock Exchange (IDX) of the years 2009-2011.

#### 2. Library Research

Namely data collection as well as the theoretical basis of previous studies obtained from books, internet, journals, and other written sources relating to the information needed.

3. Recording of relevant information through the company website.

### Measurement of IFR and Disclosure Levels

Methods for measuring the level of application of the information was adapted from a study conducted by Ettredge et al. (2001) in Lai et al. (2010) by incorporating the basic profile and operational items. Measurements using a 4 point scale. Profile of the company is given a value of 1, a brief financial report is given 2 points, a complete financial report is given 3 points, and annual reports of directors including the company's business strategy, objectives and business plan are given points 4. Total points ranged from 0-40.

To measure the IFR refers to the practice of application of research Supriadi (2010) a scoring table on the annual financial statement information evaluation criteria are based on GAAP and Bapepam regulations. Total maximum points that can be obtained is 81.

The measurement does not use the nominal scale, but using the index, ie by dividing the points obtained by each company with a total maximum points. For the disclosure of information on the website and the denominator is 40 for IFR practice of application of this denominator is 81.

### Population and Sample

This study population is a trading company, services, and investments are listed on the Indonesia Stock Exchange in 2009-2011. Until the end of 2011 there were 87 companies listed on the Stock Exchange. To determine the amount of sample that is by using a calculation formulated by Slovin (Cooper & Emory, 2004). The formula used is as follows:

$$n = N / (1 + Ne^2)$$

Where:

n = number of samples

N = total number of members of the population

e = error tolerance (tolerance of error; significance level; typically 0.05)

$e^2$  = squared

From the formula above, the calculation to determine the number of samples in this study were:

$$n = N / (1 + Ne^2) = 87 / (1 + 87 \times 0.05 \times 0.05) = 71 \text{ companies.}$$

Based on the above then this study used a sample of 71 companies taken using simple random sampling method.

### Operational Definition and Measurement of Variables

This study uses two types of variables. The independent variable in this study is the Internet Financial Reporting-IFR (X1) and the level of disclosure on the website (X2) while the dependent variable in this research that shares trading frequency (Y).

1. Independent variable.

Independent variable is a variable that affects the other variables. The independent variable in this study, namely Internet Financial Reporting (X1) and the level of disclosure on the website (X2).

2. Dependent variable.

Dependent Variable is a variable that is bound to be influenced or caused because of the independent variables. Dependent variable in this research that the frequency of stock trading. Frequency is the number of times stock trading transactions in question occurred in stock at any given time.

### **Analysis Techniques**

This study uses a quantitative approach. Analysis tools used in this study were multiple linear regression. Some of the steps taken in the linear regression analysis are described as follows:

### **Descriptive Statistics**

Intended that the presentation of descriptive statistics can be seen the profile of the research data with the existing relationship between the variables used in the study. In this study the variables used are Internet Financial Reporting (IFR), the disclosure of information on the company website, and the frequency of trading company stock trading, services, and investment.

### **Regression Model**

Analysis tool used is multiple linear regression analysis is used to see the influence of IFR practices and level of disclosure of information on the company website to the frequency of stock trading. Data processed with the help of SPSS software. Regression equation model as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where:

Y = frequency of stock trading

a = Constant

X1 = Practice IFR

X2 = level of disclosure of information on the website

b1 = regression coefficient IFR Practice

b2 = regression coefficient on the level of disclosure of Information website

e = error

### **Tests of Hypotheses**

#### **Individual Parameter Significance test (t statistics test)**

T statistical test basically shows how far the influence of individual independent variables in explaining the variation in the dependent variable. T statistical test was used for to obtain reasonable assurance about the goodness of the regression model in predicting.

## **ANALYSIS AND DISCUSSION**

### **Descriptive Statistics**

From the collection of secondary data regarding the application of the IFR, the level of disclosure in the company's website, and the frequency of trading in the company's shares trade, services, and investment in 2009-2011, the descriptive statistics, namely the minimum, maximum, mean, and standard deviation of study variables were as the following:

### Descriptive Statistic Table Result

	N	Minimum	Maximum	Mean	Std. Deviation
Praktik_IFR	213	.395	.962	.66240	.180399
Pengungkapan_Informasi	213	.075	.950	.48897	.268164
Frekuensi_saham	213	10.000	443.000	209.47418	98.838899
Valid N (listwise)	213				

From the table above, can be explained that the average IFR variables (X1) is the standard deviation of 0.66240 to 0.180399, and the amount of existing data 213. IFR minimum value for the variable is 0.395 and the maximum value is 0.962. For the disclosure of information on the company website (X2), the average value is 0.48897 with a standard deviation of 0.268164 and the amount of data is 213. Minimum value obtained is 0.075 and the maximum value of 0.950. The average frequency of trading stock (Y) is 209.47418 98.83889 times the standard deviation and the amount of data as much as 213. Minimum value obtained was 10 times and the maximum value is 443 times.

### Regression equations

#### Regression Test Results Table

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	274.473	53.176	5.162	.000
	Praktik_IFR	328.114	149.884	2.189	.003
	Pengungkapan_Informasi	311.562	100.830	3.090	.002

a. Dependent Variable: Frekuensi\_saham

From the table above can be used to determine the relationship between the practice of application of the IFR and the disclosure of information on the website of the frequency of stock. Practice application of IFR (Praktik\_IFR) as independent variables (X1), the disclosure of information on the company website (pengungkapan\_informasi) as the independent variable (X2), and frequency of trading stock (frekuensi\_saham) as the dependent variable (Y). From the table above can be arranged in the following equation:

$$Y = 274.473 + 328.114 + 311.562 X_1 X_2$$

## Test of Hypothesis

### Partial test (t-test)

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	274.473	53.176		5.162	.000
Praktik_IFR	328.114	149.884	.599	2.189	.003
Pengungkapan_Informasi	311.562	100.830	.845	3.090	.002

a. Dependent Variable: Frekuensi\_saham

T seen a test of the significance of each variable. If the value of sig. <0.05 then each independent variable affects the dependent variable.

Based testing has been done, it appears that praktik\_IFR variables have a significance value of 0.003 means that the application of IFR positive effect on the frequency of stock trading can be concluded that the first hypothesis is accepted.

To pengungkapan\_informasi have a significance value of 0.002, meaning that the disclosure of information on the company website has a positive effect on the frequency of stock trading. This means that the second hypothesis is accepted.

### Discussion of the First Hypothesis

Based on testing of the influence of Internet Financial Reporting (Praktik\_IFR) against the frequency of trading in shares (frekuensi\_saham) can be seen that the variable has a positive effect on frekuensi\_saham praktik\_IFR. 328.114 praktik\_IFR variable coefficients are of 0.003 and sig. Value sig. (0.003) <math>\alpha (0.05)</math>, this means praktik\_IFR variables significant at the 5% level.

Positive influence is in line with that expressed by Ball and Brawn (1968) and Fama et al., (1969) that the stock will move when the information is useful to enter the market. Any disclosure of information would make the investor to re-examine their assessment of the value of stock and made the decision to sell or hold shares.

### Discussion of the Second Hypothesis

From the results of statistical tests can be seen that there is a positive relationship between the level of disclosure in the company's website (pengungkapan\_informasi) with shares trading frequency (frekuensi\_saham). Variable levels of disclosure in the company's website (pengungkapan\_informasi) has

a coefficient of 0.002 311 562 and sig. Value sig. (0.002)  $< \alpha \alpha$  (0.05), this means that the variable level of disclosure of significant information on the company website at level 5%.

Positive effect is consistent with the disclosed and Zuhrotun Sari (2006) is one way to reduce the information asymmetry is to provide a signal to the external form of reliable financial information and will reduce the uncertainty about the future prospects of the company. Lai et al., (2010) also expressed a great benefit for companies to disclose as much information as possible so that investors are able to distinguish between good companies and bad ones.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

The conclusions that can be drawn from this study are as follows:

1. Internet Financial Reporting has positive effect on the frequency of stock trading on trading, services, and investment company.
2. Degree of Information disclosure on company's website has positive effect on the frequency of stock trading on trading, services, and investment company.

### Research Limitations

This study has several limitations that require improvement and development in subsequent studies. The limitation of this study are as follows:

1. Observation period is limited for 3 years, the years 2009-2011 making it less able to predict for long-term results.
2. Researchers can only take two independent variables, namely Internet Financial Reporting (IFR) and the level of disclosure in the company's website.

### Suggestion

1. Observation period should be extended in order to better predict for long-term results.
2. For further research are expected to be able to add other variables related to stock trading so that the expected frequency of research results obtained could be more comprehensive.
3. Further research in order to involve other researchers to conduct a reassessment to crosscheck.

## REFERENCES

- Almilia, Luciana Spica. , 2009. "Analysis of Financial And Quality Content On Sustainability Reporting Company Website Go Public In Indonesia". Papers presented in National Seminar on Application of Information Technology 2009 (SNATI 2009), London, 20 June 2009.
- Ashbaugh, H; K. Johnstone; and T. Warfield. Of 1999. Corporate Reporting on the Internet. Accounting Horizons, Vol 13 No.3, pp 241-257.
- Ball, R & P. Brown. Of 1968. An Empirical Evaluation of Accounting Income Numbers. Journal of Accounting Research (Autumn), Vol 6, No.2, pp. 159-178.
- Budisusetyo, Saso & Luciana Spica Almilia. , 2007. "Corporate Internet Reporting of Banking Industry



- and LQ45 Firms: An Indonesian Example". Papers published in Proceedings of the 1st Parahyangan International Accounting & Business Conference 2008, London, 13-15 June 2008.
- Cooper, Donald R. & C. William Emory. , 2004. Business Research Methods. New York: grants.
- Chandra, Princess Aulia. , 2008. "Factors Affecting Financial Reporting Inclusion of company's website (Internet Financial Reporting)". Faculty of Economics, University of Diponegoro.
- Chariri, Anis&Hanny Sri Lestari. , 2005. "Analysis of Factors Affecting Financial Reporting on the Internet (Internet Financial Reporting) in the Company's Website".Faculty of Economics, University of Diponegoro.
- Easley, E. & M. O'Hara. , 2004. Information and the Cost of Capital. Journal of Finance, 59, 1553-1584.
- Fama, E. F; L. Fisher; M. C. Jensen; and R. Roll.1969. The Adjustment of Stock Prices to New Information. International Economic Review, Vol 10 No.1, pp 1-21.
- Ghozali, Imam. , 2006. Application of Multivariate Analysis with SPSS program. London: BP-UNDIP.
- Hargyantoro, Hidalgo. Of 2010. Effect of Internet Financial Reporting and Disclosure Levels Website Against Frequency Share Trading Company. Thesis published. London: Faculty of Economics, University of Diponegoro.
- Internet World Stats.N.d. "World Internet Usage and Populations Statistics". ([Http://www.internetworldstats.com/stats](http://www.internetworldstats.com/stats). Accessed on 2 November 2011).
- Internet World Stats.N.d. "Internet Usage and Populations Statistics in Asia". ([Http://www.internetworldstats.com/stats](http://www.internetworldstats.com/stats). Accessed on 2 November 2011).
- No decision of the Chairman. Kep-38/PM/1996 dated January 17, 1996.
- Khan, Tehmina. , 2006. "Financial Disclosure Reporting On The Internet: An International Perspective". Faculty of Business and Law School of Accounting, Victoria University, Australia.
- Kusumawadini, Arum. Of 2011. Analysis of Factors Affecting Financial Reporting Through the Internet (Internet Financial reporting) in the Company's Website. Thesis published. London: Faculty of Economics, University of Diponegoro.
- Lai, Syou-Ching; Cecilia Lin; Hung-Chih Li; and Frederick H. Wu.Of 2010.An Empirical Study of the Impact of Internet Financial Reporting on Stock Prices. The International Journal of Digital Accounting Research, Vol 10, pp 1-26.
- Marston, Claire. , 2003. Financial Reporting on the Internet by Leading Japanese Companies. Corporate Communications: An International Journal, Vol 8 No.1, pp 23-24.
- Pervan, Ivica. , 2006. Voluntary Financial Reporting on the Internet-Analysis of the Practice of Croatian and Slovene Joint Stock Companies Listed. Financial Theory and Practice, Vol 30 No.1, pp 1-27.
- Samsul, Mohammad. , 2006. Capital Markets and Portfolio Management. New York: grants.
- Sari, Ratna Chandra &Zuhrotun. , 2006. Keinformatifan Profit on Stock And Bond Markets: Liquidation Option Hypothesis Testing. National Symposium on Accounting 9, Padang.
- Financial Accounting Standards # 1 in 2009.
- Stice, James D; Earl K. Stice, and K. F. Skousen. , 2009. Financial Accounting. New York: Four Salemba.
- Supriadi, DeriAlambudiarti. Of 2010. Effect of Company Characteristics Of Completeness of Financial Statements in the Registered Automotive Company in Indonesia Stock Exchange. London: University of National Development.
- Warren, Carl S; James M. Reeve; Philip E. Fess. , 2008. Introduction to Accounting. New York: Four Salemba.