

FINANCIAL COMMUNICATION ON THE WEB EVIDENCE FROM BELGIUM

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ABSTRACT

The ambition of this research is to identify the determinants of internet financial communication of small- and medium-sized firms quoted on non-regulated markets in Belgium. First, a scoring was established to determine the intensity with which firms use the internet as a vector of financial communication. To do this, an analysis grid was built on the basis of a review of the literature, highlighting the rules for disclosure of information through the Web. The score was then regressed via ordinary least squares on variables presented in the literature as determiners of the firms' financial communication. The main results of the findings bring to light three fundamental determiners of this score: membership or not in the information technology sector, the performance of the company and the market on which the company is quoted.

JEL: G10, M15, C31, O32.

KEYWORDS: financial communication, non-regulated financial markets, Web site, Small- and medium-sized firms.

INTRODUCTION

In recent years, the internet has become a privileged channel for current and potential investors to collect financial information. For year 2006, Léger (2008, p. 91) notes that 83% of individual investors were internet users, versus 57% in 2002. The proportion of potential investors and shareholders surfing the web in search of financial information has thus increased exponentially. Internet, a real tool for managing the investor relationship, therefore allows the financial community and the public investor to evaluate companies by providing financial information to them (Barredy and Darras, 2008, p. 3). Almilia and Budisusetyo (2008) even assert that traditional company reports on paper are outmoded.

The originality of the study presented here resides in its research object. Our analysis concerns small- and medium-sized firms quoted on the unregulated markets in Belgium: Alternext and the Free Market. Those markets are relatively recent and, to our knowledge, have not yet been the topic of such a research project. Inspired by the English Alternative Investment Market ("AIM"), Alternext Paris was launched in May 2005. Alternext Brussels followed in June 2006. The Free Market was elaborated in November 2004 by Euronext Brussels on the model of the Free Market established in the Paris Stock Exchange in 1996.

The Free Market et. alternext have been legally considered MTFs (multilateral trading facilities) since November 1st, 2007. They are unregulated markets in the sense of the European directives and Belgian financial legislation. Companies listed on these markets are not forced to publish their accounts in the IAS / IFRS standards or to conform to the Belgian Code of Governance.

The Free Market of Euronext Brussels includes twenty-eight companies. It was created to answer the accessibility difficulties of companies that did not have a minimal market capitalization of 50 to 75 million euros. "No precondition, no anteriority of the accounts and no minimal percentage of distribution are required for registration on the Free Market" (Goldberg-Darmon, 2006). In matters of communication, companies listed on this market are subject to more flexible rules (Euronext, 2008). Alternext Brussels counts nine firms. On this unregulated but organized market, certain conditions have to be met for

companies to be listed: it has to have existed for two years and appeal to a listing sponsor who will help prepare the IPO and make sure that obligations to provide information are respected. Furthermore, the amount of public offering has to be at least 2.5 million euros. Once quoted on Alternext, the company will have to publish its periodic information (annual financial report and biannual financial status) and will remain subject to monitoring by the CBFA (Financial Banking and Insurance Committee). CBFA approval of the prospectus is required for all listed companies. These two unregulated markets are thus appropriate for small- and medium-sized firms avid to raise capital without necessarily plying to excessively binding listing rules.

The research here has two objectives. First we want to determine with what intensity companies use the internet as a vector of financial communication. And then, we want to identify the determiners of this level of communication through the web. In the first step, we highlight the principles of financial communication on the web underlined by the literature. These elements help us build our website analysis grid. Then, through a literature review, we formulate our research hypotheses concerning the determiners of financial communication over the web. In the third part, we will present our methodology. The results are discussed in the fourth section.

LITERATURE REVIEW

A review of the literature was completed to identify norms of information disclosure through the web. This review of the literature will allow us to bring to the foreground an analysis grid of web sites in terms of financial communication of small- and medium-sized firms quoted on unregulated markets in Belgium. The authors advance the role of the annual report (Pervan, 2006; Euronext, 2006; Dutta and Bose, 2007; Léger, 2008; Barredy and Darras, 2008) and of the interest that it represents for the investor. It must be possible to download the annual accounts. Dutta and Bose (2007) go more in detail in their study and observe the presence of audit reports, financial ratios, and intermediate results over several years. In its recommendations, Euronext (2006) also underlines the importance of a table summarizing the main key figures. Pervan (2006), Dutta and Bose (2007), Léger (2008) as well as Barredy and Darras (2008) also recommend that firms communicate the history of share prices as well as share dividends. According to the recommendations of Euronext (2006), on-line publishing of the introduction prospectus is strongly desired. Léger (2008) has a similar way of thinking. Press releases (Pervan, 2006; Euronext, 2006; Dutta and Bose, 2007; Léger, 2008), the shareholding structure (Euronext, 2006; Dutta and Bose, 2007; Léger, 2008; Barredy and Darras, 2008), and the organization chart (Pervan, 2006; Euronext, 2006; Dutta and Bose, 2007) are all available to interested investors.

Dutta and Bose (2007) think that managers' income must be known. This would make less sense for the small- and medium-sized firms studied that do not have to follow the Belgian Code of Governance. All the authors mentioned above agree that a particular relationship must be knitted with the shareholder. This can be done through a periodic newsletter (Euronext, 2006; Dutta and Bose, 2007), a specific web page (Pervan, 2006; Barredy and Darras, 2008), an address, a telephone and/or an email address of a specific contact person for investors (Pervan, 2006; Euronext, 2006; Dutta and Bose, 2007; Barredy and Darras, 2008; Léger, 2008), a specific forum (Barredy and Darras, 2008), a letter to the shareholders (Léger, 2008; Barredy and Darras, 2008), answers to FAQs (Dutta and Bose, 2007; Léger, 2008), the schedule of financial communication events (Euronext, 2006; Dutta and Bose, 2007; Barredy and Darras, 2008; Léger, 2008), the shareholder's guide and rights and a club for shareholders (Léger, 2008). The on-line publishing of minutes from the general assembly and analysts' meetings can also be a real added value in the financial communication of the company (Léger, 2008). Companies cannot limit themselves to a distribution of accounting information - data on the activity itself is important too. For example, market shares and evolution of the competitive environment are recommended (Kleiber, 2003 quoted by Barredy and Darras, 2008). This review of the literature allowed us to create a web site analysis grid that will be

used to analyze the web sites of companies concerned by this study. The objective is to score the quantity of communication of every company in our population.

Table 1: An Analysis Grid of Web Sites

1) Financial reports	
<i>Current year</i>	Annual reports Annual account Audit report Intermediate results Management reports
<i>Previous years</i>	Annual reports Annual account Audit report Intermediate results Management reports
Prospectus of IPO Financial ratios financiers and/or main key figures Board of directors reports General assembly reports Explanation about data Financial analysts reports	
2) Investors information	
Specific webpage for investors Link to Euronext's website Current share's price History of share's price Current dividend Previous dividends Shareholder structure Number of shares Organization chart Shape and composition of the organs of governance Letter to shareholder Specific contact for investors Shareholder forum FAQ Shareholders' schedule Shareholders' guide Shareholders' rights Press release Press review	
3) Website's ergonomoy	
<i>On front page:</i>	« Investors » « Press »
Several languages version of website Date of last changes on the website Help tools Search engine Roadshow Joining a periodic letter Get the press release by mail	
4) Firm's profile	
History Activities Strategy President's words Contact Market share Position regards to competitors	

HYPOTHESES DEVELOPMENT

Although until now research was not conducted on companies quoted on unregulated markets in Belgium, several studies have handled the question of the determinants of financial communication over the web

(Craven and Martson, 1999; Asbaugh et. al., 1999; Debreceny et. al., 2002; Ettredge et. al, 2002; Rodriguez and Menezes, 2003; Xiao et. al., 2004, Mendes-da-Silva and Christensen, 2004; Laswad et. al., 2005; Bollen et. al., 2006; Paturel et. al., 2006; Andrikopoulos et. al., 2007). These authors tried to identify the explanatory variables of financial disclosure on the internet. Here we will list these variables that are at the basis of our research hypotheses.

The Size of the Firm

Big companies have to bear a greater asymmetry of information between managers and shareholders. Because of this, agency costs must be incurred (Debreceny et. al. 2002). Besides, big companies being more publicly visible, tend to look after their reputation and their image to avoid governmental interventions. It follows that bigger sized companies provide more information than small firms (Debreceny et. al. 2002; Ettredge et. al 2002; Rodriguez and Menezes 2003; Xiao et. al. 2004, Mendes-da-Silva and Christensen 2004; Bollen et. al. 2006; Andrikopoulos et. al. 2007). Size is measured according to market value (Debreceny et. al. 2002; Xiao et. al. 2004, Mendes-da-Silva and Christensen. 2004; Bollen et. al. 2006), the annual sales (Andrikopoulos et. al. 2007), the turnover, the number of workers, the total assets or the market value of the company (Rodriguez and Menezes on 2003).

From here, we formulated the following hypothesis:

Hypothesis 1: the size of the company has a positive effect on its internet financial communication score.

In our research size is measured using the natural logarithm of the total assets. The market value, available on the Euronext site, could also have been a good indicator but its correlation with growth potential would have distorted the results of our econometric model. The growth potential (Hypothesis 6) is measured by taking the difference between market value and book value of the firm. The annual sales and turnover are not available for all the companies given that some of them publish their accounts in abbreviated form and not in complete form.

Debt Level

According to Debreceny et. al. (2002), to assure creditors of its capacity to pay off, more indebted companies would tend to disclose more information. Thus, the ratio of long-term debts over the total assets would be positively connected to the strategy of information disclosure. Andrikopoulos et. al. (2007) add that an increase in debts leads to an increase in agency conflicts between shareholders and creditors (Jensen and Meckling, 1976) and that an improvement in communication on the internet can reduce these agency costs. In light of this research, Andrikopoulos et. al. (2007) hypothesized the existence of a positive relation between the level of debts and the degree of information disclosure on the web. Paturel et. al. (2006) distinguish between private debts (measured according to the ratio of banking debts to the total assets) and public debts (measured according to the ratio of bonded debts to the total assets). They hypothesize that private debt has a negative impact on the score of web disclosure, whereas public debt has a positive impact. Laswad et. al. (2005) notice a positive relation between the debts of the local authorities they studied and their level of disclosure on the web.

Based on this background the following hypotheses is forwarded:

Hypothesis 2: the debt of the company has a positive effect on its internet financial communication score.

In our research debt is measured using the ratio of long-term debts to the total assets, in accordance with most of the previous studies.

Performance

According to Xiao et. al. (2004), managers of profitable companies should let their performance be known to assure their position, attract capital and reduce the risk of their company being under estimated. They measure profitability by means of Return on Assets (ROA). The hypothesis of a positive relation between the performance and the level of distribution of information on the web, advanced by Ettredge et. al. (2002) and by Andrikopoulos et. al. (2007), is not confirmed. Paturel et. al. (2006) also think that the more successful the company is, the more the level of information disclosure will be raised. This hypothesis will be validated for their sample of French companies. On the other hand, a negative relation will be obtained for the British companies in their study. It would seem that the level of communication is raised more for companies presenting weaker performances. They explain this result by "the effect of the publication of favourable information on the risk of competition "(Paturel et. al. 2006, p29). Mendes-da-Silva and Christensen (2004) find a negative relation between the performance (measured by the annual profit per share) and the level of information disclosure on the web. A negative relation is also obtained by Debreceeny and Rahman (2005) between the performance (measured by ROE) and the frequency of information disclosure on the web. The majority of the consulted empirical studies having put in evidence the negative influence of performance on the financial communication score, we emit this hypothesis:

Hypothesis 3: the performance of the company has a negative effect on its internet financial communication score.

In our research, performance is measured along two dimensions: an exploitation (operation) dimension measured in terms of ROA before amortization (EBITDA / total asset) and a rather financial dimension measured in terms of ROE before tax (net profit before tax / equity capital).

The Dispersion of the Capital

Debreceeny and Rahman (2005) as well as Paturel et. al. (2006) assert the more diluted shareholding is, the more numerous agency problems will be. In that case, significant and frequent communication is recommended. On the other hand, when shareholding is mainly in the hands of a family or some big shareholders, they have access to information internally and are thus less inclined to spread information outside. They thus establish a positive relation between information disclosure and dispersal of shareholding. Xiao et. al. (2004) demonstrate a different impact on the extent of the financial communication on the web when shares are held by governmental agencies and public enterprises (negative effect), by institutional investors (positive effect) or by foreign investors (absence of effect). Ashbaugh et. al. (1999) as well as Bollen et. al. (2006) notice a positive relation between the proportion of shares available for individual investors and the level of information disclosure on the web. From this we propose the hypotheses:

Hypothesis 4: the dispersal of the capital has a positive effect on the internet financial communication score.

In our research dispersal of capital is measured by free float. It indicates the percentage of participation held by the public. It is obtained by subtracting shares held by leaders and institutional investors from the entirety of shares on the market

The Sector

Companies having a certain know-how and/or advanced technology have assets that are difficult to assess such as research and development, human and intellectual capital, etc. and will thus tend to spread more information. Indeed, their accounting data underestimate their value and underestimate their future

earnings. Furthermore, these companies are subjected to fast and frequent changes connected to the technological world (Debreceeny et. al. 2002). Xiao et. al. (2004) notice that companies in the IT sector tend to spread more information on the web. Indeed, they master this technology and want to demonstrate their expert position on the subject. On the other hand, Bollen et. al. (2006) discover a negative relation between the level of technology and the level of information disclosure on the web. The hypothesis arguing that the company being a part of a high technology sector and where the investments in research are considerable spreads more information was not verified by Rodrigues and Menezes (2003). We propose the following hypothesis:

Hypothesis 5: membership in the IT sector has a positive effect on the internet financial communication score.

Within the framework of this study, we chose to integrate a binary variable making it possible to determine a company's membership in the IT sector. To do so, the companies among having the code NACE BEL 2008 is 61 (telecommunications), 62 (programming, computer advising and other computing activities), 63 (information departments) or 70.210 (advising in public relations and in communication) are considered to be in the IT sector and are assigned a value of 1. Other companies obtain the value zero.

Growth Potential

Debreceeny et. al. (2002) underscore the impact of growth potential and intangible assets within the company. Indeed, these two elements influence the market-to-book value ratio but are highlighted with difficulty in financial and accounting information. To estimate their importance, it is enough to observe the difference between book value and market value. In such a context, companies would tend to communicate more to limit information asymmetry. However, their results show that companies high growth have a negative and significant relation with distribution of information on the web. This can be explained by the fact that the property costs of a company with strong growth grow exponentially with the distribution of information. For that reason, the owners of the company would be less inclined to communicate. Debreceeny and coauthors find no significant relation for companies with a low level of growth. Bollen et. al. (2006) notice no relation between the distribution of information and the level of growth of the company. Bearing this in mind, we put forth this hypothesis:

Hypothesis 6: the growth potential of a company has a negative effect on its internet financial communication score.

In our research growth potential is measured by the difference between the market value (available on the Euronext website) and the book value.

DATA AND METHODOLOGY

Our study concerns 37 companies quoted on unregulated markets in Brussels. With the help of our analysis grid (see Table 1) built on the basis of the literature review above, we examine the websites of companies and we give them one point for each item on the site. A score is thereby obtained for every company (see Table 2). This scoring method is often used in information disclosure studies (Larran & Giner, 2002). Using this score we are able to estimate the degree of website information disclosure of the 37 companies in this study. Next, the scores are analyzed using ordinary least squares (OLS), as in Ben Rhouma and Cormier (2007), Jouini (2007), Paturol et. al. (2006), Debreceeny and Rahman (2005) did.

RESULTS

Using our analysis grid (see Table 1), we examined the websites of all the companies in our population. A point was given for every item of the analysis grid on the website. The scores in Table 2. The primary results of our analysis are presented in Tables 3, 4 and 5. Among 51 items present in our analysis grid, some are literally absent from websites (previous intermediate results, letter to the shareholders, shareholder's guide, date of the last modification of the site and market shares of the company). Less than 10% of small- and medium-sized firms quoted on unregulated markets present these elements on their website: the previous and current dividends, a forum for shareholders, a help tool, the location of the company, the previous audit reports, FAQs, the rights of the shareholders, the current annual report, the report of the general assembly, the reports of financial analysts and the message from the president. Only five companies talk about the intermediate results, the previous annual reports and the current share price. The current audit reports, a search engine as well as the possibility of receiving press releases by mailing are offered by 16.2% of small- and medium-sized firms. About 20% of small- and medium-sized firms show their annual accounts, the report of the Board of directors and their strategy. Nine companies reveal the shape and the composition of their organs of governance and offer the possibility of a subscribing to a newsletter.

Table 2: Score of Financial Communication

<i>Firms</i>	<i>Market</i>	<i>Score</i>
OTC	Free Market	2
Oxbridge	Free Market	3
Val st L	Free Market	3
5ème saison	Free Market	4
Fred&Ginger	Free Market	5
Eryplast	Free Market	6
Sodiplan	Free Market	6
TEAM	Free Market	6
PNS	Free Market	8
Archimède	Free Market	9
Fixinox	Free Market	9
Flexos	Free Market	9
Tetrys	Free Market	9
MCLS	Free Market	10
Pharco	Free Market	10
Haacht	Alternext	11
Antigoon	Free Market	12
RVA	Free Market	12
EMD Music	Free Market	13
SV Pat	Free Market	13
Iceconcept	Free Market	14
Newtree	Free Market	15
Realco	Free Market	15
Reibel	Free Market	15
De rouck	Alternext	15
Vision IT gp	Alternext	16
Proximedia	Free Market	17
Arpadis	Free Market	18
Newton 21	Free Market	18
BSB	Alternext	18
Ecodis	Alternext	18
Propharex	Free Market	20
Evadix	Alternext	20
Rentabiliweb	Alternext	22
Emakina	Alternext	23
U learning	Free Market	24
Porthus	Alternext	24

Less than 30% of observed websites contain the shareholding structure as well as the organization chart of the company. The company history as well as the past annual reports are presented by twelve companies.

About 38% of the companies publish the schedule of the shareholders meetings, a particular contact for the investors and the current annual report. Fifteen small- and medium-sized firms present financial ratios or key figures, whereas seventeen propose a link to the Euronext website. More than half of the companies post their prospectus of initial public offering as well as a press review. About 65% of websites show press releases and provide a version of the website in several other languages. More than 70% of websites offer the access to "press" and "investors" tabs from the front page. The vast majority of sites present the activities of the company (86.5 %) and show how to contact the firm (94.6%).

Table 3: Variables Definition

Variables	Measure
Sector	IT firms = 1 and other firms = 0
Debts	Total Debts/ total assets.
Performance	ROA = EBITDA / total assets ROE = net profit before tax / equity capital
Dispersion of capital	Free float
Growth	Market value – book value
Size	Log total assets

This table shows how the explanatory variables are measured. They were obtained from the Belfirst database (version 2008) published every year by the Van Dijk Office in partnership with the National Bank of Belgium. For each variables, we considered the last year of availability of the accounts.

Table 4: Descriptive Statistics of Variables

Variables	Mean	Std. Dev.	Min	Max
Score	12.75676	6.206651	2	24
Debts	0.5341804	0.2474827	0.0295779	0.9313824
Roa	8.183714	11.95672	-25.59	34.25
Roe	4.711715	45.84808	-134.18	133.83
Freefloat	0.2283806	0.1118438	0.001	0.49
Growth	-8163213	1.76 * 10 ⁷	-7.64* 10 ⁷	6450999
Size	15.70034	1.115419	12.88157	17.90549

This table shows descriptive statistics of the explanatory variables.

Table 5: Correlation between Variables

	Score	Sector	Market value	Debts	Roa	Roe	Freefloat	Growth	Size
Score	1.0000								
Sector	.04210	1.0000							
Market value	0.2618	0.2548	1.0000						
Debts	-0.3689	-0.0719	-0.1579	1.0000					
Roa	-0.2517	0.1463	-0.0051	0.4670	1.0000				
Roe	-0.2717	0.1338	0.0374	0.1577	0.6300	1.0000			
Freefloat	-0.0361	0.0665	-0.3335	0.1380	0.0052	-0.1184	1.0000		
Growth	-0.2245	-0.2637	-0.9697	0.0355	-0.0498	-0.0624	0.2984	1.0000	
Size	0.3083	-0.1130	0.5364	-0.2461	-0.1813	-0.1412	-0.3266	-0.3926	1.0000

This table shows the correlations between explanatory variables. Growth potential is strongly correlated with capitalization as expected. As a consequence, we have chosen not to retain the market capitalization as a measure of the size, in order to be able to simultaneously test the influence of the size and the growth on the financial communication score of companies. Furthermore, considering the important correlation between the ROA and the ROE, we use two different models to test the influence of performance on communication score.

Casual observation indicates that companies with the best scores are mainly registered on Alternext. This can be explained by the fact that the listing on Alternext implies the obligation of periodic information disclosure. Although no requirement stipulates that this information also be posted on the internet, we can suppose that companies having already prepared and supplied this information elsewhere go ahead and put it on the web. We thus decided to add the variable "market" in our model. Companies quoted on

Alternext are assigned the value zero, and those registered on the Free Market are assigned a value of one. The general model takes on the following shape:

$$\text{Score} = \alpha + \beta_1 (\text{market}) + \beta_2 (\text{sector}) + \beta_3 (\text{size}) + \beta_4 (\text{performance}) + \beta_5 (\text{dispersion of capital}) + \beta_6 (\text{potential growth}) + \beta_7 (\text{debts})$$

Regression results are presented in Table 6. Two models were tested: one taking into account the ROA and the other ROE as the measure of the performance. A White test demonstrated the presence of heteroscedasticity of the residues within model two. To obtain valid estimations of the variances and the covariances of our estimators, we used heteroscedasticity corrected variances and standard deviations. A Breush-Godfrey test shows the presence of residuals autocorrelation. In model one, only the coefficient of the "sector" variable appears to be statistically significant. The positive sign of this coefficient confirms hypothesis 5. Membership in the IT sector positively affects the internet financial communication score. This result confirms the conclusions of Debreceny et. al. (2002) and of Xiao et. al. (2004). Companies belonging to the IT sector apparently use the internet as a vector of financial communication more than companies in other sectors do. We can pinpoint here their desire to demonstrate their expertise on the subject and to show investors the value of their know-how.

Table 6: Results of the Regressions by OLS

	Model 1 general	Model 1 refined	Model 2 general	Model 2 refined
Market	-4.397672 <i>0.1584</i>	-5.633189 <i>0.013**</i>	-4.215354 <i>0.1782</i>	-5.739111 <i>0.010*</i>
Sector	5.343104 <i>0.0323**</i>	4.519201 <i>0.037**</i>	5.389797 <i>0.0514***</i>	4.494681 <i>0.0576**</i>
Size	1.054878 <i>0.3461</i>		0.930151 <i>0.4477</i>	
Roa	-0.1025471 <i>0.266</i>	-0.137414 <i>0.076***</i>		
Roe			-0.035615 <i>0.0163**</i>	-0.03966 <i>0.0030**</i>
Freefloat	-1.467246 <i>0.879</i>		-3.025930 <i>0.7860</i>	
Growth	3.45*10 ⁻⁸ <i>0.615</i>		3.09*10 ⁻⁸ <i>0.5471</i>	
Debts	-2.507757 <i>0.601</i>		-3.930871 <i>0.3585</i>	
cons	0.8382754 <i>0.966</i>	16.90373 <i>0.000*</i>	3.065783 <i>0.8877</i>	16.05172 <i>0.000*</i>
Number of obs	34	35	34	35
F stat	2.98	7.26	3.39	7.74
Prob > F	0.0197**	0.0008*	0.0103**	0.0005*
R-squared	0.4448	0.4126	0.4776	0.4281
Adj R-squared	0.2953	0.3558	0.3369	0.3728
Root MSE	5.3951	5.0979	5.2331	5.0302

*This table shows the regression estimates of the equation: Score = α + β_1 (market) + β_2 (sector) + β_3 (size) + β_4 (performance) + β_5 (dispersion of capital) + β_6 (potential growth) + β_7 (debts). Model 1 and Model 2 use ROA and ROE respectively as the measure of the performance. The two models are refined thanks to a Wald test which allows removal of the less significant variables. The first line in each cell is the regression coefficient. The second line is the t-statistic. ***, ** and * indicate the significance at the 1, 5 and 10 percent levels respectively.*

To refine this model, we proceeded to a Wald test on the coefficients of variables "freefloat", "growth", "debts" and "size". The results of this test prompted us not to reject the null hypothesis and to extract these four variables from model one. The removal of these variables allowed a net improvement in the quality of adjustment of this model 1. The variables "market" and "performance" have a negative and statistically significant influence on the financial communication score. So the fact of being quoted on the Free Market negatively influences the financial communication score on the web. This can be explained by the absence of financial communication requirements in this market. Another argument that could be

advanced concerns the type of investor interested in these two markets. Indeed, we can imagine that the communication effort is greater when the company faces more specialized investors. A more in-depth study concerning the structure of shareholding and the type of investor interested in these two markets could provide additional insight.

Hypothesis three, which postulates a negative influence of performance on the financial communication score on the web, is confirmed. Our results support the results presented by Mendes-Da-Silva and Christensen (2004), Paturel et. al. (2006), Debreceny and Rahman. (2005). Model two was then refined via the preliminary realization of a Wald test applied to least statistically significant variables ("freefloat", "growth", "debts" and "size"). The results of model two are similar to those obtained previously and confirm the validation of hypotheses three and five of this research as well as the importance of the listing market as regards the determination of the financial communication score on the web. Other hypotheses were not confirmed: the coefficients of the variables of size, debts, dispersion of the capital, and the growth potential were not significant.

CONCLUSION

The role of company websites "to inform and to seduce, to explain and to convince, to attract and to develop loyalty" (Léger 2008, p. 92). The goal is to anticipate the questions of potential investors, to answer them by means of clear and complete information as well as to facilitate the interaction with these partners in the company. Internet use has exceeded the simple promotion of company products because the promotion of the relations with present and future investors has also become an objective pursued by website creators (Geerlings & al, 2002). According to Léger (2008, p. 90), the internet changed the modalities of sharing information with shareholders because the information is quickly updated and spread. Furthermore, this information is accessible, archived and available at any time (Geerlings & al, 2002; Léger 2008).

The research objectives in this study were to determine the intensity companies use internet as a vector of financial communication and to identify the determiners of this level of communication through the web. In order to reach these objectives we used a scoring on the first step and the ordinary least squares (OLS) method on the second. We first observed the websites of companies quoted on unregulated markets in Belgium, thanks to our analysis grid built on the basis of the main elements advanced in the literature. We thus obtained a score for each firm included in our study. We then identified the determinants of the financial communication score obtained by means of a regression.

Membership in the IT sector has a positive impact on the financial communication score on the web, indicating the IT sector communicates more financial elements through their websites than other firms. Performance has a negative effect on the financial communication score through the web, according to hypothesis three, which states that the less successful companies will tend to communicate more. The market on which the company is listed also has a negative impact indicating that companies quoted on the Free Market will inform less than firms registered on the Alternext market. The latter are subjected to the obligation of periodic information disclosure, contrary to companies quoted on the Free Market, but nothing indicates however that they have to provide this information on the internet. The results of our econometric analysis nonetheless show their tendency to do so. We can imagine therefore that having these various documents ready, they also choose to disclose them on the web.

The originality of this study resides in its population. Here we have focused on companies quoted on unregulated markets in Belgium which have not previously been studied. Such an original study has disadvantages: our sample is quite small (37 firms). In the future we could imagine adding the unregulated French market in order to get a more expansive field of study. The differences between Alternext and the Free Market could be observed in greater depth. This study could be extended by a

more detailed analysis of shareholder structures and the type of target investor for each unregulated market.

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