



An exploration of the potential for studying the usage of investor relations information through the analysis of Web server logs

N. Rowbottom*, A. Allam, A. Lymer

Department of Accounting and Finance, University of Birmingham, Birmingham B15 2TT, UK

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Abstract

This paper introduces the Web server log file and assesses its potential as a research instrument in measuring and interpreting the use of corporate reporting information. Measuring Investor Relations output, including annual financial reports but covering a wider range of corporate reporting and market informing activity, has proven a difficult task in the past due to a lack of truly effective research methodologies to access such activity. This paper highlights the growth in the provision of online Investor Relations information and details how online information can be measured using activity logs taken as a Web server fulfils user requests for information over the Internet. The paper analyses the limitations of this methodology for measuring the use of Investor Relations output and illustrates its possible application by drawing on data from a UK FTSE 100 company. Finally, the paper concludes that this methodology has significant potential in measuring the use of online Investor Relations information, and can therefore make valuable contributions to corporate reporting research and policy making in this area.

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* Corresponding author. Tel.: +44 21 414 6676.

E-mail address: N.Rowbottom@bham.ac.uk (N. Rowbottom).

1. Introduction

This paper assesses the feasibility of extracting valuable information from an analysis of Web log files to gain insights into understanding the use of Investor Relations (IR) information. The discipline of IR has grown significantly in the last 20 years, particularly in economies with strong equity markets (Marston and Empson, 2003). Consequently, the type and quantity of IR information disclosed has increased rapidly. This growth has been greatly aided by the development and widespread availability of the Internet as a communications channel for information in an electronic format. Despite this growth of IR information availability, there is little direct published evidence of what information is actually used. Although several authors have considered the usefulness of online IR against that distributed in more traditional formats (e.g. Ashbaugh et al., 1999; Jones et al., 2001; Dull et al., 2003), no study provides data on what is actually accessed by users. Previously, it has proven difficult to observe the use of IR information by the various constituents who have access to this information. Discovering what corporate reporting information is demanded and/or used will be of keen interest to accounting policy makers and researchers, as well as IR practitioners. The distribution of corporate reports online represents an opportunity to directly view and to measure the usage of reported financial information, the real time activity of users interacting with reported data, proposed by Parker (1982).

Several authors have addressed the use of corporate reports and usefulness of other corporate data (e.g. Trueblood Committee Report, 1973; Carsberg et al., 1974; ASSC, 1975; Hansford et al., 1996; ICAEW, 1998; ICAS, 1999; Weetman and Beattie, 1999). Studies generally captured data by employing questionnaires (e.g. Lee and Tweedie, 1976; Bartlett and Chandler, 1997; Beattie and Pratt, 2002), simulation (e.g. Elias, 1972) interviews (e.g. Lee and Tweedie, 1977; MORI, 2003) or observation (Nielson Norman Group, 2003). Although valuable, information usage in each case is measured indirectly and subject to various distortions through the experimental setting. This paper aims to investigate whether Web logs can be used as an alternative research methodology to directly measure the use of corporate reporting information for both IR and accounting research purposes.

Before discussing the content of IR information specifically, the paper defines what Web logs are and investigates the type and validity of the information to be gained from using them. It then continues by assessing the suitability of the information yielded by Web log analysis in studying the usage of online IR information. Finally, the paper draws upon the results of a pilot study examining the Web logs of online IR Web sites of large UK listed companies to test the validity of our theoretical suggestions with real data. One specific company is used to illustrate the use of Web logs, as proposed in the paper.¹

2. The investor relations function

This section describes the IR function, and specifically identifies how it has changed in response to the recent introduction of new communication technologies. This paper is

¹ Although a UK company is used, the paper argues the methodology is equally applicable for all countries.

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