The Impact of the Use of Information Technology on Corporate Financial Reporting
(The Case of Jordanian Industrial Corporations)

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ABSTRACT


As the use of Information Technology (IT) proliferated in business, examining the impact of IT on Corporate Financial Reporting (CFR) becomes more essential, especially when little is known about the extent of IT use in accounting for the Jordanian firms with the fact that a few theoretical studies only dealt with IT impact on CFR. This study aims at identifying the extent of IT use and examining empirically the impact of IT use on CFR where it is hypothesized that the impact of IT is dependent on some contingent factors. A proper questionnaire is designed and validated then conducted to the Industrial Jordanian Firms listed in ASE after restricting them by stating selection criteria follow-on a response rate of 81.8%. Investigating the contingent relationships between IT and CFR are done by adopting a contingency perspective. The findings indicate that, in general, Listed Jordanian Industrial Firms use information technology to a moderate extent. Consistent with this level of usage, improvements in financial reporting is found to be low. Testing the hypotheses demonstrate that IT use is associated more with Internal Reporting Change (IRC) than with External Reporting Change (ERC). As the relationship between IT use and IRC is found to be stronger in smaller firms than in larger ones. It is also found that the relationship between IT use and ERC is not conditional on Gearing Ratio despite that there is a significant relationship between IT use and ERC when gearing ratio is between 0.11 and 0.50, the relationship between IT use and ERC is stronger in first market firms than in second market ones. In addition, the extent of Internet Financial Reporting (IFR) is still in an initial phase. Finally, several recommendations are provided for several interested parties.