Factors that Influence Transparency of Information on Local Government Websites

A THESIS

Compiled, Submitted, and Presented as a Partial Fulfilment of the Requirements to Obtain

Bachelor Degree in Accounting Department

by:

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DEPARTMENT OF ACCOUNTING

INTERNATIONAL PROGRAM

FACULTY OF BUSINESS AND ECONOMICS

UNIVERSITAS ISLAM INDONESIA

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At the date of, June 13, 2021

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DECLARATION OF AUTHENTICITY

Hereby I declare the originality of this thesis. There is no other work from other individuals that I use to obtain my degree in this university, nor other individual's statements and ideas without acknowledgement. Every quotation is listed and cited on the thesis reference.

If the statement is proven to be false in the future, I am willing to accept any sanctions which applied.

Yogyakarta,

Rafsanjani Anantori

MOTTO

"We have certainly created man in the best of stature"

(At-Tin: 7)

"If we have a strong desire from the heart, then the whole universe will work together to make it happen "

(Ir. Soekarno)

"Do not be weak so that you will be blackmailed, and do not be harsh, so that you will be broken. (Be balance in all matters)."

(Mahfuzot)

ABSTRACT

This research study aims to investigate the factors that affect information transparency on official government websites. The three variables in this research are government size, government complexity, and budget expenditure. The research analyzes financial statements of local governments in West Java for the year 2019. Based on the availability of this information, this study took 28 samples of local governments in West Java. For the availability of financial data, the analysis makes use of logistic regression process. The result of this research shows that only budget expenditure has a significantly and positive effect on the transparency of information on the official government website. Meanwhile, the size of local government and complexity of government do not have a significance effect on the transparency of information on the official government website.

Keywords: Transparency, Local Government, Official Local Government Websites, Availability Information

ABSTRAK

Tujuan dari penelitian ini adalah untuk membahas faktor yang mempengaruhi transparansi informasi melalui situs resmi pemerintah. Dalam penelitian ini memiliki tiga variabel yang terdiri dari ukuran pemerintah, kompleksitas pemerintah, dan belanja pemerintah. Data penelitian ini menganalisis laporan keuangan pemerintah daerah di Jawa Barat selama periode 2019. Penelitian ini mengambil 28 sampel pemerintah daerah di Jawa Barat yang dilihat berdasarkan ketersediaan informasi tersebut. Penelitian ini menggunakan metode regresi logistik untuk ketersediaan data informas keuangan. Hasil penelitian menunjukkan bahwa hanya variabel belanja pemerintah yang berpengaruh positif dan signifikan terhadap ketersediaan informasi keuangan pada situs resmi pemerintah. Sedangkan untuk variabel ukuran pemerintah dan kompleksitas pemerintah tidak berpengaruh signifikan terhadap informasi keuangan pada situs resmi pemerintah.

Kata Kunci: Transparansi, Pemerintah Daerah, Situs Resmi Pemerintah Daerah, Informasi Keuangan.

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viii

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TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDIXES

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Good governance – how to handle public relations, is one of the main efforts that must be made by the government. It emphasizes the way the government uses economic, political, social and administrative resources for the benefit of the community's management in carrying out state development. According to United States Development Program, a government is said to be good if it has nine characteristics of good governance which are engagement, the rule of law, openness, responsiveness, consensus-building, productivity and effectiveness, accountability and strategic vision.

Anggri (2019) said that if the government offers good access to public disclosure of information, public participation – an essential element of good governance, will increase. In order to achieve better progress, the disclosure of information requires accountability in all matters relating to government administration and implementation. In addition, public involvement is very important in encouraging the continuity of the development process.

One of the principles of good governance is transparency, which aims to build confidence between the public and the government by sharing information and making it easy to get that information. Government organization can be monitored honestly and transparently by the public. As a

result, information must be provided through an information and documentation system that can be easily accessed (Anggri, 2019). Good governance necessitates transparency, participation, and easy community access to the governance process. Transparency is a key tool for society to monitor and assess the work of government officials and employees (Albalate, 2012). The availability and accessibility of documents, the clarity and completeness of information, the openness of processes, and a regulatory structure that ensures transparency are all markers of transparency (Kristianten, 2006:73).

The website is one of the media for disseminating information that is currently accessible. According to Puspita and Martani (2012), the importance of financial transparency through the internet comes from the lower costs associated with employing technology and the ease with which economic organizations may conduct business as compared to manual and traditional methods (Bondon and Escobar, 2005). Financial information disclosure via the website is thought to be efficient and successful in improving openness and accountability, as well as minimizing information asymmetry between government agencies and the public (Mya and Komarrudin, 2014). The issuance of Ministry of Home Affairs Instruction number 188.52 / 1797 / SJ / 2012 concerning Transparency in Regional Budget Management demonstrates the central government's seriousness in encouraging all local governments (city

and districts) in Indonesia to achieve financial transparency through this website. Based on this instruction, regional heads are required to proactively publish dozens of documents related to budgets in their regions through the official government website (Agustin, 2014)

The official Regional Government website is one of the online media that can be used by local governments (e-government). In fact, the disclosure of information via the internet has been carried out by business organizations and government agencies with the goal of rapidly increasing accessibility of financial information to information users. If the local authority also uses the internet as a way of disclosing information to the public and other interested people, it would make it easier for local councils in both financial and non-financial matters to satisfy accountability and information disclosure standards (Zulva, 2020).

In fact, many Indonesian regulations have indirectly referred to the use of electronic media to reveal information to the public. Government Regulation 6 of 2008 Guidelines for Assessing the Effectiveness of Regional Government Implementation, Government Regulation 3 of 2007 Report Information Region to The Public by the Government Implementation, and Ministry of Home Affairs 7A of 2007 Procedures for Submitting Information and Public Opinions or Suggestions on Reports on Regional Government Implementation are included in these regulations. Government Regulation 6 of 2008 explains

that as the organizer of government affairs, local government must be capable of processing and implementing rights and obligations based on good governance principles that are consistent with the general principles of state administration. Then the Regional Government in Government Regulation 3 2007 stated the Regional Head is required to report on the regional government's implementation. LPPD, LKPJ, and LPPD Information are the three types of reports available. In the Ministry of Home Affairs 7A 2007, the No exceptions exist in the law and government, and all citizens are obligated to uphold the law and government. The three regulations apply to the website of the local authority to disclose all financial as well as non-financial information to the public so that it can be conveniently and efficiently accessed. Information to be disclosed by electronic media by local governments is information on reports on regional government administration (Government Regulation 3 of 2007 and Ministry of Home Affairs 7A of 2007) and results of assessments of local government administration (Government Regulation No. 6 of 2008).

This policy ensures that the details other than information on regional government administration records and the findings of regional government administration reviews can be categorized as voluntary disclosure. It is also mentioned in Article 7 of Law No. 14 2008 about Public Information Disclosure stating that everyone has the right to communicate and obtain

information in order to improve their personal and social environment, and the right to use all forms of available channels to search, obtain, possess and store information. To that end, public bodies are expected to provide and publish public information to public information applicants under their jurisdiction, with the exception of exempt information in compliance with the provisions. Zulva (2020) states that all public bodies, including local councils, need to create and establish information systems and provide documentation in order to efficiently and effectively handle public information so that it can be easily accessed by the public and other users.

The presence of transparency is crucial for healthy, democratic and trustworthy governance. Government institutions with public accountability mean that all actions assigned to these institutions will still be accountable to those institutions. In exercising control over organizations or institutions that are required by individuals to carry out creation and budget management as mandated by Accountability law, the role of the community is essential. It can be formalized by legislation, laws, regulations and judicial governments or based on a variety of informal controls and balances created by direct connotations, rumors of support, opposition threats or other forms of formulation that are known but not written (Nahruddin, 2017).

Thus, this study is aimed to find out the degree to which information on official websites has been delivered. Hence the tittle of this research is

"Factors that Influence Transparency of Information on Local Government Websites."

1.2 Problem Formulation

Based on the background of the problem described above, the research problems are formulated as follows:

1. Does the government size affect transparency of information on official local government websites?

2. Does the government complexity affect transparency of information on official local government websites?

3. Does the budget expenditure affect transparency of information on official local government websites?

1.3 Research Objectives

The objectives of this study are as follows:

1. To know whether the government size affect transparency to access information on official local government websites.

2. To know whether the government complexity affect transparency to access information on official local government websites.

3. To know whether the budget expenditure affect transparency to access information on official local government websites.

1.4 Research Benefits

This research provides benefits theoretically and practically. Theoretically it could be a reference for future studies on public sector, particularly on transparency of information through official government websites and the factors that influence the disclosure of information.

Practically, the government institutions, regulators, and the public may take advantage of these research findings. For local governments, it is expected that they can be more concerned with the development and use of the internet, in this case is the use of websites, and can encourage other government institutions to develop their official websites in providing information. For regulators, the research findings can be a reference in creating regulations related to harmony creation between the government and the society. For the public, they can know and understand the importance of information transparency on the official government websites especially relating to financial management in institutional governments.

1.5 Systematics of Writing

This research consists of five chapters written by following the systematics below:

CHAPTER I: INTRODUCTION

This chapter includes general description of the research by explaining the background of the study about transparency information on local

government website, problem formulation, research benefits, and systematics of writing.

CHAPTER II: LITERATURE REVIEW

This chapter presents the review of prior studies to provide in-depth research information. In addition, it also presents basic theories relating to transparency information on local government websites.

CHAPTER III: RESEARCH METHOD

This chapter discusses the method of conducting the research by including the explanation of variables used, population and sampling techniques including the criteria for selecting samples and data analysis techniques.

CHAPTER IV: DATA ANALYSIS AND DISCUSSIONS

This chapter explains the results of processing and data analysis whether they support the hypotheses along with further discussion of the analysis results.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

Finally, the last chapter of this research answers the problem formulation and research objectives and summarizes the research contents into conclusion section. It also presents recommendations and suggestions for future studies.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Agency Theory

Agency theory in Rora and Dwi (2012) according to Jensen and Meckling (1976) is a relationship that occurs when one party (principal) delegates/gives another party (agent) power and obligation in making decisions according to the interests of the principal. Delegation happens when the principal chooses the agent to behave in compliance with the wishes of the principal (Lupia & Mc Cubbins, 2000). Agency theory is used in the public sector to examine the principal-agent relationship in relation to budgeting in the public sector (Latifah, 2010; Abdullah, 2012). Agency theory ties the government that has jurisdiction over an area (province, district / city) and the population in this analysis.

The principal-agent relationship is explained by agency theory. In the context of government, particularly the community and other stakeholders, local government serves as both agent and principal, with the agent providing balanced information to the principle. The size of the government, the complexity of the government, and budget expenditure are among the details presented to the principle. This is done because the community, as the

principal, had given the provincial government the authority to run the wheels of government so that a responsibility to make the outcomes of its performance transparent to the public. Transparent information can be obtained by visiting the official website of each region's government (Afryansyah and Haryanto, 2013).

2.1.2 Signaling Theory

Signaling theory from a public perspective explains that a company tries to provide good information to the public regarding the state of the institution. In terms of government size, complexity government, and budget expenditure the government is responsible for giving information or signals to the people in the form of information. With a lot of public curiosity about the state of the institution, signaling theory can help the government (agent) and society (principal) to reduce information problems that occur through quality financial reporting. Reporting provided by the government regarding financial reports can be done using the official website of each region's government (Puspita and Martani 2012). The benefits provided from financial reporting are not only concerned with obligations but also getting a positive view from the community because they have carried out the promised program. As an indicator that the local authority has carried out the people's mandate, local councils should also provide performance and financial performance information (Godfrey, 2007). The advantages that local governments can

achieve are not only effective in carrying out the people's mandate, but also in having a positive picture from the community that their hopes have been effectively carried out by the regional government and providing a signal that transparency is also supported by the local government. Moreover, the public should also access financial information relevant to the execution of government programs quickly and conveniently, so as to reduce the possible asymmetry of information.

2.2 Transparency

Another factor which supports the realization of good governance is transparency (openness to the public). According to many analysts, due to lack of accountability principle, Indonesia has entered into a very serious corruption relationship. In order for the entrusted government to manage public resources, the concept of accountability must be integrated in the public policy process. However, those involved can address concerns about their obligations, particularly in the economic field and at all levels of government. Ikhwandha (2018) notes that transparency implies the government periodically discloses material issues to parties with an interest in operating the government, in this case to the general community, so that the concept of openness enables the public to know and access information as broadly as possible. Transparency is a means of disclosure of information to parties in need of information, such

that all stakeholders are aware of what the entity is doing, including the processes and decisions made or its actions in the execution of public relations.

The relation between transparency and ethical problems, corruption, administrative deviations and accountability is the reason for this. In good governance, accountability is one of the main elements of ensuring access and independence for everyone to receive information on governance, including public finance management (Medina, 2012). Folscher (2000) revealed several benefits of transparency in Medina (2012), namely:

1. Reducing uncertainty that leads to fiscal and macroeconomic stability in order to reduce future changes

2. Improving government, regulatory, media and community transparency which in turn improve government power.

3. Increase trust in government and build closer social relationships

4. Improve the investment climate.

Thus, transparency means the openness of government in providing information related to public resource management activities to parties who need information. The government is obliged to provide financial and other information that will be used for economic, social and political decision making by interested parties. Transparency is of great importance for the implementation of government functions in carrying out people's mandate. Given that the government currently has the authority to make important

decisions that have an impact on many people, the government must provide complete information on Public Policy and Transparency of Local Government Administration regarding what have been done (Aliyah, 2012).

2.3 E – Government

The use of technology to promote the contact process between the government and stakeholders is e-government. The World Bank Group (Ulum and Sofyani, 2016, p. 57) states that e-government is the government's use of information technology to modify relationships between the public, business people, and other government institutions. One direct proof of the existence of reforms introduced in Indonesia is the implementation of e-government. Decree No. 11 of 2011 of the Ministry of Empowerment of State Apparatus and Bureaucratic Reforms notes that the introduction of e-government is an indicator of the progress of bureaucratic reforms. In the e-government concept itself, the type of bureaucratic change in the implementation of e-government is reflected. Clear proof of the occurrence of changes in the bureaucracy is the engagement of government with other government institutions (G2G), government institutions with employees (G2E), government institutions with the community (G2C), and government institutions with business agencies (G2B). The expected relationship model from implementing e-government in Indonesia is shown in the following figure:
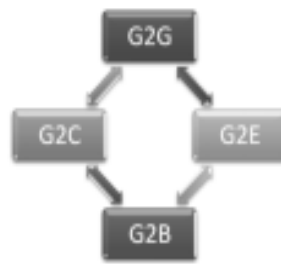
Figure 2.3

E – government Model

Source: Hardjaloka (2014)

Basically, the implementation of e-government does not operate optimally immediately. In order to establish full e-government, there are several levels of e-government which must be passed. Ulum and Sofyani (2016. p. 65) state that there are four phases of e-government.:

a. Preparation stage

The initial stage of e-government growth involves various tasks, such as the development of each institution's site, the preparation of human resources, the preparation of access facilities, and the socialization of sites.

b. Maturation stage

A step forward from the stage of preparation is the ripening stage. This stage makes changes to the sites of the organization that have been developed.

It is possible to make improvements, such as building an informative website and interfacing with other government bodies/agencies.

c. Stages of Consolidation

The phase of stabilization is the stage of the creation of e-government, which begins to include public services on the site. These public service facilities can take the form of an institutional data application or presentation.

d. Utilization Stages

The last stage of the growth of e-government is the process of utilization. This stage can be accomplished if e-government can provide services in the form of government agency pages, that are Government to Government (G2G), Government to Employee (G2E), Government to Business (G2B), and Government to Citizens (G2C). It can be calculated that government sites that have been active at this point have complied with all the elements of the principles of good governance, namely transparency, participation and accountability.

2.4 Disclose Information on Government Websites

Conceptually, transparency is an important aspect of financial statements and, practically, the final step in the accounting process is disclosure. In Suwardjono (2005), according to Evan (2003), the provision of information in financial statements, including the financial statements

themselves, notes to the financial statements and additional disclosures relating to the financial statements is the disclosure of information. The disclosure on the website is a development of the principle of voluntary disclosure. The posting on the website of financial reports is a type of practice that represents government efforts to make the management of their organizations more transparent. Voluntary disclosure on local government websites is a concrete way of opening up stakeholders, especially the community, to regional financial and performance management in a simple and low-cost way (Resti, 2018).

2.5 Good Governance

Good governance is synchronized by the OECD and the WB through the implementation of sound and accountable democratic and free-market development management, the avoidance of misallocation of investment funds and the political and administrative prevention of corruption, the implementation of budgetary discipline and the creation of legal certainty and a political environment for its growth. There are nine characteristics of Good Governance, namely:

1. Participation. In decision-making, every individual has a voice, either directly or through the inter-mediation of legitimate institutions serving their interests.

2. The law's rule. The legal system, especially human rights laws, needs to be fair and enforced indiscriminately.

3. Transparency. Transparency is based on the free exchange of public interest-related knowledge that is directly available to those in need.

4. The Responsiveness. Institutions and structures will seek to represent each stakeholder.

5. Orientation to Consensus. Good governance becomes an intermediary for multiple interests, both in terms of policies and procedures, to achieve the best option for wider interests.

6. Equinity. All people have the right, both men and women, to enhance or sustain their health.

7. Effectiveness and efficiency. Government processes and institutions provide results that are customized to the requirements of citizens and make the best use of available resources.

8. Accountability. Decision-makers are accountable to the public and stakeholder institutions in the government, the private sector and society (civil society).

9. Vision for Strategy. In line with what is expected for this kind of growth, leaders and the public must have a wide and far-reaching view of good governance and human development.

The term of good public governance means good governance. Bureaucratic reform is one of the attempts to introduce good governance. As a structured organization, the bureaucracy has a regulatory position and way of functioning, has competence according to positions and tasks, has a public service spirit, a strict separation between organizational and individual property, and organizational resources that are not free from external supervision (Yuwafik, 2021).

2.6 Local Governments in Indonesia

The governing system in Indonesia is made up of the central government and local governments, in the sense that the federal government is made up of the province government as well as the local government at the second level, i.e. district and city governments. Act 32 of 2004 (Republic of Indonesia, 2004). Regarding regional government, the autonomous region is a legal community entity that has regional boundaries approved under its own initiative to control and administer government affairs and local people's interests based on community preferences in the Republic of Indonesia Unitary State system. Government Regulation No 56/2005 (Republic of Indonesia, 2005) on Regional Financial Management describes that, according to the concept of autonomy and duty of assistance, local governments are responsible for the execution of government affairs by the DPRD. Local government accountability in Indonesia in the framework and concept of the Unitary State

Republic of Indonesia referred to in 1945, the principle of autonomy is as broad as possible. The regional government is mandated by the enactment of regional autonomy to be able to independently administer its government. Local government is expected to realize transparency and accountability in financial management (Setyaningrum and Syafitri, 2012).

With the enactment of Law No. 32 of 2004, the ideals of decentralization and regional autonomy must be enforced by local governments in Indonesia. Except for government affairs that are decided by statute as the affairs of the central government, the regional government exercises the broadest possible autonomy. In order to carry out autonomy and co-administration, regional governments have the power to create regional regulations and other regulations. As stated in Law 32 2004 Article 21 on the rights enjoyed by regional governments, the introduction of regional autonomy has an effect on the balance / distribution of central regional finances. The regional government has a partnership with the central government and other administrations that are governed by law when carrying out government affairs. Relationships include funding, public programs, the use of natural resources and other resources that need to be equally and explicitly applied.

2.7 Previous Studies

The research that has been conducted previously is summarized in the following table:

Table 2.7

Previous Research Conducted That Support This Study

No	Researcher; Title; and Year	Variable Used	Result
1.	(Medina, 2012)	Dependent: Transparency in availability and accessibility information on local governments' websites in Indonesia <u>Independent:</u> Size of local government Complexity of government	The results of model 1 research using the logit method showed that the size of local government, the independence ratio, and the complexity of government had a significant positive effect on the availability of financial information on the official website of local government. Meanwhile, the per capita income of individuals has a significant negative effect on the website's financial information. In addition, the results of research on model 2 testing using the multiple regression method showed that the scale of local government and the complexity of government had a significant positive effect on the availability of financial information on the official website of local government Meanwhile, society's leverage and per capita income have a significant negative impact on financial details on websites.
2	(Adiputra, 2018)	Dependent: Transparency of local government <u>Independent:</u> Government size	The results showed that the quality of financial statements through audit opinion and political environment has a significant positive effect on the transparency of local government in Indonesia. On the other hand, the size

			of local government and level of local government response to the regulation do not affect the transparency of local governments in Indonesia.
3	(Ningsih, 2018)	<u>Dependent:</u> Disclose and accessibility financial information. <u>Independent:</u> Net income Size government Complexity Budget expenditure Debt financing ratio Quality of financial statement	The results of the logistic regression model one test indicate that local income, local government size, government complexity, regional spending, debt financing ratios, and financial report quality do not have a significant impact on local revenue, local government size, government complexity, regional expenditure, debt financing ratios, and financial report quality. Disclosure of regional information on financial matters. The results of model two with multiple regression showed that the scale of the local government the accessibility of regional financial information had a significant and positive influence on the financial information. Meanwhile, Local Own Revenue, The complexity of the economy, regional spending, debt servicing ratios and the consistency of financial reporting do not have a significant effect on regional financial information accessibility.

4	(Lestari, 2020)	Dependent: Transparency of regional financial information on the websites of regional governments in Indonesia 2016 – 2018 Independent: Complexity and quality financial statement	The conclusion of this analysis is that only 1 independent variable was accepted from the six variables tested and suggested a major impact on the study's dependent variable, namely the number of OPDs from the category of government complexity. Other independent variables, such as government size, level of dependency, population size, number of audit findings and opinions, do not have a significant impact on the level of transparency of regional financial information for Indonesian provincial governments through their official 2016-2018 website.

2.8 Hypothesis Formulation

The size of local government determines the size of regional government. A major regional administration usually possesses a significant amount of wealth. Total assets, which are the resources employed by the organization to carry out operational operations, can be used to estimate the size of local government. According to a study by Nainggolan and Purwanti (2016), the size of local government is related to the amount of assets owned by the government. Medina (2012) conducted a similar study that describes how the size of local governments is expressed in the sum of assets, which is proportional to the availability and accessibility of financial information on

local government websites. It demonstrates that local government is required to provide transparency through official website government for stakeholders in order to account for all demonstrated management of local government assets using (size) as a measure of local government characteristics. This is related to signal theory, which assumes that the government, as a community-mandated entity, aims to send a positive signal by demonstrating. For example, the size of the government is a warning for the government to increase its resources to deliver services to the community.

Based on empirical study conducted by Garcia and Garcia (2010), the size of an organization creates a significant knowledge asymmetry between managers and stakeholders, resulting in a higher agent cost. The availability of financial records on the internet via the local government official website, according to Laswad, et al. (2005) and Styles and Tennyson (2007), indicates the financial reporting documents are accessible by online. According to Piotrowski and Bertelli (2010) local governments are more willing to invest in infrastructure systems that give transparency if they have more resources. The total assets controlled by local governments show that they have a lot of money. Based on the explanation above, the first hypothesis of this study is proposed as follows:

H1: The size of local governments has a positive effect on the transparency of information on local government website.

As part of the complexity of government, local government is a public entity with a responsibility to the community. The population of a region is a proxy for the complexity of government. The enormous number of residents reflects the magnitude of the public-service supply that will be received by local governments. Because of the diverse socioeconomic and educational backgrounds of the population, the difficulties that the government faces in cities are more complex than in districts. Local governments, as public bodies, must pay more attention to meeting the demands of their citizens as a result of the complexity, because the higher government's responsibility to give maximum services for community, the greater complexity of the challenges. the government's responsibility to provide maximum service to the public. According to the agency theory, holders of government authority are not permitted to exploit information in carrying out their duties, but must be in line with information that currently exists in order to maintain a good relationship with stakeholders. According to previous research by Afryansyah and Haryanto (2013), the population of local governments grows in lockstep with the advancement of technology and knowledge in an area, where individuals who live in densely populated places. Larger and more modern businesses will rely on the internet to gather information, including information about local government performance, which will be reflected in the transparency of the government.

According to Kadek et al (2015), the occurrence of information asymmetry is driven by a high level of complexity. Since the information obtained by the public does not correspond to the real truth, the municipal authority, as the agent, has a responsibility to report the effects of its implementation to the community or principal. As a result, as an agent, the local government has an obligation to publish the outcomes of its execution in a timely manner, notably through the local government's official website on the internet. Laswad et al. (2005) discovered that the kind of government has a beneficial impact on the financial information available on the official local government website. Thus, the second hypothesis is proposed as follows:

H2: Complexity of government has a positive effect on the transparency of information on the local government website.

On the basis of PP Article 167 (1) of Law No. 32 of 2004 Regional Government budget expenditure is used to protect and improve people's lives. This is consistent with agency theory, which states that the government should improve fundamental services, education, facilities, health care, social services, suitable public facilities, and build a social security system for the community. According to the Resti (2013) the higher expenses, the progressively better-quality services by the local government. In this regard, the higher the level of service provided to the community, the greater the desire of local governments to deliver financial information on their websites. If the

Regional Government is capable of safeguarding and enhancing the life quality of citizens, this means that the Regional Government is highly effective. According to Laswad et al. (2005), the regions' substantial capacity to fund their own operations in the regions demonstrates effective government performance. The quality of effective government administration will be demonstrated through good government performance. Local governments with high management quality tend to release more information and implement mechanisms that increase local government quality, such as publishing information on the official website. Research conducted by Rora (2012) shows that budget expenditure influences the financial reporting of local governments. The third hypothesis is proposed as follows:

H3: Budget expenditure has a positive effect on transparency of information on the local government website

2.9   Conceptual Framework
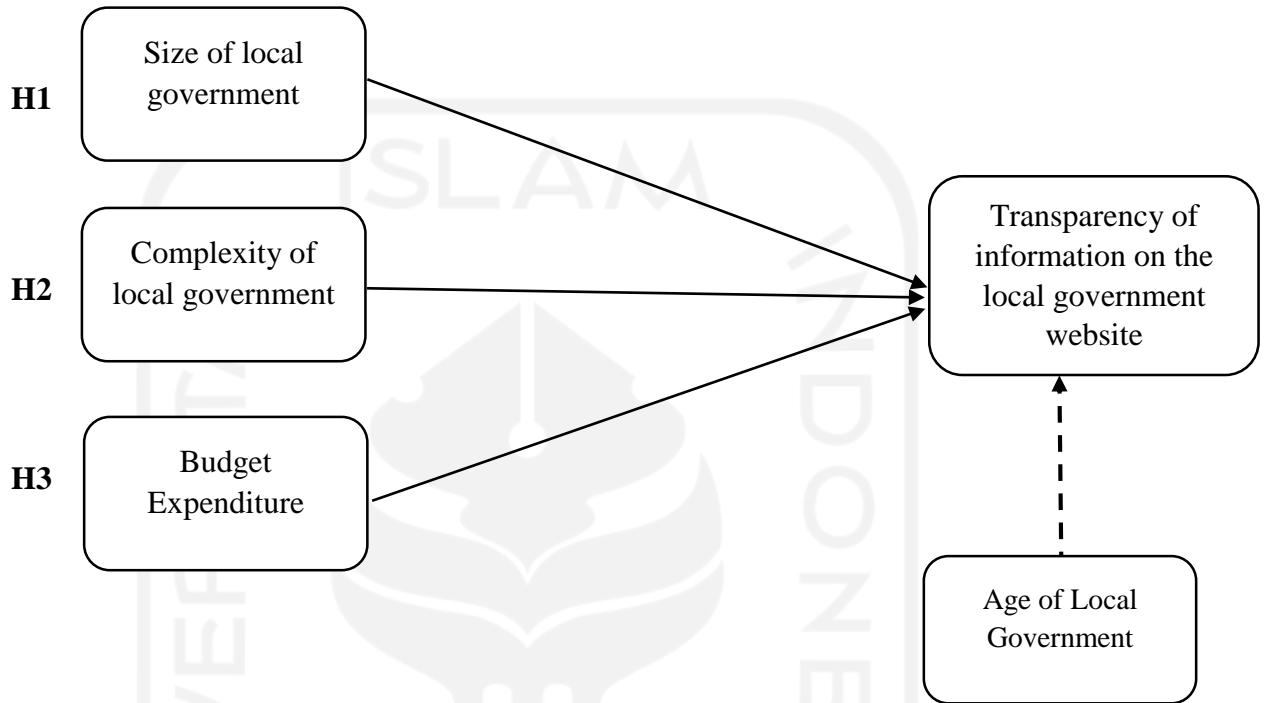
Figure 2.9

Research Framework

Based on the figure, the framework consists of one dependent variable which is Transparency on local governments' websites and 3 independent variables which are size of local government, complexity of local government, and budget expenditure. In addition, one control variable is the age of local government. The control variable is used as a comparison in the study to ensure that the effect of the independent variable on the dependent is not impacted by unobserved external factors. The age of local government refers to when a

government is established, and it reflects the fact that long-standing regional governments are thought to be better at managing region finances and disclosing information than newly constituted regions.

CHAPTER III

RESEARCH METHOD

3.1 Research Type

This research study is a quantitative research as it makes use of numbers to address the research questions as the measures of research variables. The aim of this analysis is to examine the relationship between the independent variables - local government size, government complexity, and budget expenditure, and the dependent variable - regional financial information transparency.

3.2 Population and Sample

The population in this study are provincial and district/city governments in Indonesia. The researcher chose West Java LKPD 2019 because based on BPK's analysis of the year and the implementation of the action plan, Supreme Audit Agency (BPK) has given an unqualified assessment. As a result, the West Java administration was able to keep the WTP opinion for the ninth time, and all regencies and cities in West Java received WTP opinions for 2019. The sample, based on the availability of supporting data for the independent and dependent variables in the analysis, was selected from the population with certain parameters. The criteria for the sample in this study are as follows:

1. Providing District / City Government Financial Reports (LKPD) for 2019 that have been audited by the BPK.

2. Providing Province Financial Reports (LKPD) for 2019 that have been audited by the BPK

Table 3.2 Sample Selection

No.	Sample Criteria	Amount
1.	Local Government Financial Report (LKPD) 2019 in West Java	27
2.	LKPD province 2019 in Indonesia	1
	Sample collected	28

Based on the information obtained, it is known that 27 local government LKPD and 1 West Java Province LKPD. Assuming that the LKPD was collected no more than 5 years before the present year and there is no updated recent study regarding West Java, the 28 samples obtained are sufficient for a research tool. The 2019 West Java Province LKPD sampling is due to the fact that the local government already has an official website, which publishes entire regional financial information, and the BPK LKPD examination generates WTP views that can be seen on the official website of the BPK. The sample selection criteria were carried out by means of purposive judgment sampling, namely the technique of determining the sample with certain considerations (Gujarati and Porter, 2009).

3.3 Data Collection Method

Secondary data is the data used to calculate the independent and dependent variables in this analysis. The 2019 BPK Audit Outcome Report, BPS statistical data and data collected from local government websites are used to collect independent variable data. Meanwhile, the data of the dependent variable was collected from the respective official local governments' websites.

3.4 Research Variable

Research conducted by Styles & Tennyson (2007) and Medina (2012) consisted of two models, namely logistic regression analysis and multiple regression analysis. A logistic regression model uses the first model. Logistic regression analysis is a particular type of regression formulated as the dependent variable to predict and describe a binary categorical variable (Hair et al., 2009). As the dependent variable is a dummy variable, logistic regression is used. Normality tests, heteroscedasticity and classical assumption tests on independent variables are not needed for logistic regression (Yurisca and Tri, 2011). This research model aims to examine the factors that influence the transparency of information published on official local government websites.

Regression Model I: IKD = α + β1. SIZE + β2. GC + β3.BG + e……

Regression Model II: IKD = α + β1. SIZE + β2. GC + β3.BG + β4.AG + e……

IKD	Governments' Financial Information
SIZE	Size of local government
GC	Government Complexity
BG	Budget Expenditure
AG	Age of Local Government
α	Constant
e	Error Coefficient

3.5 Research Variables

Two variables, namely the dependent and independent variables, are used in this research. In this research, the dependent variable is transparency in local government websites. Size of local government, government complexity, and budget expenditure are the independent variables of this report.

3.5.1 Dependent Variable

Seeing the relation between the independent and dependent variables, this study uses logistic analysis. Regional financial information (IKD) reported on the official website of the local government is the dependent variable studied; the IKD studied is the availability of the APBD or one of the components of the LKPD (Profit/Loss, Trial Balance, Financial Report,

Financial Statement Notes). This is due to the limited details disclosed on the official website of the local government and all things in the financial statements are very rarely disclosed in full. Also, the author does not pay attention to the year of the Index of DNA Fragmentation (DFI). In addition, the existence or absence of Regional Financial Information (IKD) on the official website of the local government is calculated using dummy variables, in which a score of 1 is given to local governments that provide IKD, while local governments that do not provide IKD are given a score of 0.

3.5.2 Independent Variable

3.5.2.1 Size of Local Government

Local government size is a variable to determine how big or small a sample of local governments is and is used as a proxy on local government websites for the availability of information. As a factor affecting the availability of Internet Financial Reporting (IFR) on its official website the total asset of local government size is used in Portugal (Laswad et al, 2005). The Natural Logarithm (Ln) of total assets is also used as a proxy for the independent variable scale of local government. The variable size of local government is estimated in this analysis using a proxy of the local government's total assets Rora (2010).

$$\text{SIZE} = Ln \text{ Total Asset}$$

3.5.2.2 Government Complexity

The complexity of the government is defined by the total population living in the area. The greater the population in a certain area, the more complex the government will have in that area. Laswad (2005) uses dummy variables as a measure of the level of regional government complexity.

3.5.2.3 Budget Expenditure

Through Directorate-General for the Fiscal Balance (2012), the Ministry of Finance of the Republic of Indonesia reported that the ratio of capital expenditure to total regional expenditure represents the proportion of regional expenditure spent on funding capital expenditure. When the capital expenditure is realized and it moves the wheels of regional economy, it will have a multiplier impacts. The capital expenditure variables are thus calculated by the following formula:

Capital Expenditure = Total Capital Expenditure / Realized Expenditure

3.5.3 Control Variable

The control variable is a variable that can be regulated so that the effect of the independent variable on the dependent is not affected by variables excluded in the research. For this form of comparative analysis, control variables are often used by researchers. The age of local government is when a

local government is formed in accordance with the law. The local government's age represents how long the city has been around. As opposed to a newly developed zone, an area that has been established for a long time is considered capable of handling regional finances and reporting the details contained in the financial statements appropriately and according to the prevailing laws and regulations. Because of the corrections made by the institution Republic of Indonesia Supreme Audit Agency in the previous year, the local government will make corrections to the financial statements for the coming year in order to strengthen the financial reports (Heriningsih, 2013).

3.6 Data Analysis Method

3.6.1.1 Descriptive Statistics

According to Mulyono (2003), in order to have useful value, descriptive statistics are linked to summarizing and presenting a collection of data in an accessible way. To better explain the influence of the independent variable on the dependent variable, the effects of processing and presenting the data are also compared. Average value, standard deviation, maximum value, minimum value, frequency table, and average difference test table are the descriptive statistics presented.

3.6.1.2 Classic Assumption Test

Multiple linear regression testing can be performed after the model in this study meets the prerequisites, namely passing the classical assumption test. The classical assumption test is used to determines whether there are any departures from the multiple regression equation's classical assumptions (Sihombing, 2014). Thus, it is important to test classical assumptions in the regression model so that the outcomes of the regression analysis can well follow the criterion and so that the independent variables as the dependent variable estimators are not biased. The classical assumption test in this research consists of tests for multicollinearity, heteroscedasticity, and autocorrelation.

3.6.1.3 Multicollinearity

There are important assumptions in the classical regression model for overcoming errors. The deviations from the predicted basic assumptions must be cleaned out of any echo metric calculation. Multicollinearity is a condition in which the relationship is very strong between one independent variable and the other independent variable, because the independent variable that affects the dependent variable is not established. The value of Keophysin regression can be skewed by multicollinearity or abbreviated as multicollinearity. This research uses a provision in which the magnitude of the individual correlation does not exceed 0.80. There is an indicator of multicollinearity in the regression model if there is a correlation value greater than 0.80. In addition to using Pearson correlation, there are other ways to deal with multiculturalism,

namely by using Variance Inflation Factors (VIF). Multicollinearity is said to be heavy if the VIF value exceeds 10.

3.6.1.4 Heteroscedasticity

The heteroscedasticity test is used to check if the confounding error has the same variance from one observation to another in the linear regression model. It can be seen from the significant value of the Spearman Rank correlation between each independent variable and its residual for checking the Heteroscedasticity. If the relevant value is greater than 5%, so there is no heteroscedasticity, and vice versa, there is heteroscedasticity if it is less than 5%. The linear relation between the independent and dependent variables is not assumed by logistic regression. Therefore, this heteroscedasticity test is not needed in the testing of the model for the availability of financial information data on local government sites calculated using dummy variables.

3.6.1.5. Feasibility Test (*Chi-Square Goodness-of Fit Test*)

A model that shows the independent variable that better predicts the dependent variable is generated by the Chi-square goodness-of-fit test. The chi-square goodness of the fit test indicates the degree to which results in the sample are correctly classified by the independent variables in the model. The real values of the measurements were compared with the expected values on the dependent variable to analyze the chi-square goodness of the fit test.

3.6.1.6 Determinant Coefficient *(Nagelkerke R Square)*

In the logistic model, according to Ghazali (2005), the coefficient of determination (R) is distinct from multiple regression. Nagelkerke R Square is the coefficient of determination used in the logistic model. The R square of Nagelkere is a Cox and Snell coefficient change to ensure that the value ranges from 0 (zero) to 1 (one) (Ghazali, 2005). The R square of Nagelkerke is used to calculate the extent to which the variability of the independent variables used in the model can explain the dependent variable's variability.

3.6.1.7 Hosmer and Lemeshow Test

The Hosmer and Lemeshow test were used by Ghozali (2005) to test the feasibility of the regression model on the logit model. To test if the empirical evidence is in line with the research model, the Hosmer and Lemeshow test is used. H0 is the hypothesis used in this test: the model will describe empirical knowledge (Model fit). H1: the model is incapable of describing empirical information. The basis for the decision is to pay attention, as determined by the chi-square value at the bottom of the Hosmer and Lemeshow test, to the Goodness of Fit test value.

- If probability> 0.05 then H0 is accepted

- If probability <0.05 then H1 is accepted

If H0 is rejected, it implies that a large difference occurs between the model and its observation value, so that the observation value cannot be predicted by the model. However, if H0 is accepted, the research model will predict the value of the observations or, in other words, since it is in compliance with the observation data, the model can be accepted.

3.6.1.8 Classification Table

In order to evaluate the effects of the regression, classification tables are also used. By measuring the probability of the sample being observed and classifying the data into two categories (providing information or not), the classification table compares the actual value of the observation with the expected value of the dependent variable on the basis of the probability generated. The classification table also shows the degree to which findings can be categorized correctly by the model. The classification table will classify well because logistic regression often produces probability.

3.6.1.9 Variable in the Equation

In the variable equation section, the regression model produced can be seen from the SPSS output. The coefficient value of each variable and the level of significance of these variables can be seen in this part. In order to answer the hypotheses used in this analysis, the regression results become a reference. Relevant data (beta, standard error (SE), degree of freedom, significant level)

and two statistical tests (Wald and Exp test (B)) are given by the variable equation.

CHAPTER IV

FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

4.1.1 Descriptive Statistics Dependent Variable

Table 4.1 is a table of the frequency of availability of regional financial information (IKD) on local government websites. Table 4.1 shows the large number of local governments that provide regional financial information data on their official website. Based on the table it can be seen that 15 local government websites display financial information. Meanwhile, the remaining 13 local governments do not display financial information on their websites.

Table 4.1 Availability IKD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not provide IKD	13	46.4	46.4	46.4
	Provide IKD	15	53.6	53.6	100.0
	Total	28	100.0	100.0	

4.1.2 Descriptive Statistics Independent Variable

From the data of 28 local governments, it can be seen that the average value, standard deviation, maximum value, and minimum value of quantitative

data on the independent variable are tested in this study. Descriptive statistics are described in table 4.2 as follows:

Table 4.2 Descriptive Statistics

	n	Minimum	Maximum	Mean	Std. Deviation
SIZE	28	1711900000000	43525600000000	8601631071428.57	10696981966124.955
TYPE	28	186300	49020000	3502582.14	9008079.590
BUDGET	28	140167245	1536128399	573721155.79	361419160.855
Transparency on websites	28	0	1	.54	.508
Valid N (list wise)	28				

SIZE   : Size of Local Government

TYPE   : Complexity Government

BUDGET   : Budget Expenditure

In Table 4.2 above, it can be seen that the results of descriptive statistical calculations have been carried out using SPSS software:

1. The independent variable size of local government (SIZE) is the result of the Natural Logarithm of the total assets of each local government. From the results of data processing, it is known that the maximum value is IDR 43,525,600,000,000 and the minimum value is IDR 1,711,900,000,000. The average value of all local governments studied was IDR 8,601,631,071,428.57. The SIZE variable has a standard deviation of IDR 10,696,981,966,124,955. This shows that the variation of the data size independent variable is low.

2. The government complexity independent variable (TYPE) is the result of the total population with a maximum value of 49,020,000 and a minimum of 186,300. For the average value of the total population 3,502,582.14, while the standard deviation is 9,008,079,590. This shows that the variation of the government complexity variable data is high.

3. The regional expenditure variable (BUDGET) is the result of the realization of regional government expenditure. The average value of total regional government spending is IDR 573,721,155.79 with a maximum value of IDR 1,536,128,399 and a minimum of IDR 140,167,245. The standard deviation obtained IDR 361,419,160,855 shows that the regional expenditure variable is low.

4.2 Research Model Testing

4.2.1 Classic Assumption: Multicollinearity

Multicollinearity is essentially a sample phenomenon that does not meet the basic assumptions regarding the dependence between the independent variables included in the model.

Table 4.3 Pearson Correlation

		Ln Total Asset	Total Population	Capital Expenditure
SIZE	Pearson Correlation	1	.788**	.687**
	Sig. (2-tailed)		.000	.000
	N	28	28	28

TYPE	Pearson Correlation	.788**	1	.613**
	Sig. (2-tailed)	.000		.001
	N	28	28	28
BUDGET	Pearson Correlation	.687**	.613**	1
	Sig. (2-tailed)	.000	.001	
	N	28	28	28

**. Correlation is significant at the 0.01 level (2-tailed).

SIZE   : Size of Local Government

TYPE   : Complexity Government

BUDGET : Budget Expenditure

A good regression model is a model in which the independent variables do not have a linear correlation or relationship with one another. Table 4.3 shows that there are no symptoms of multicollinearity among the independent variables. This is indicated by the high collinearity between the independent variables not exceeding 0.80

Table 4.4 Multicollinearity VIF Method

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-11.038	3.027		-3.647	.001		
1 SIZE	.031	.147	.051	.210	.836	.312	3.204
TYPE	.049	.107	.102	.455	.653	.369	2.710
BUDGET	.499	.148	.639	3.366	.003	.514	1.944

a. Dependent Variable: Transparency on local websites

SIZE   : Size of Local Government

TYPE   : Complexity Government

BUDGET : Budget Expenditure

In addition, there are other ways to detect the presence of multi-risk, namely by looking at the Variance Inflation Factor. VIF is an estimate of the extent to which multicollinearity increases the variance in the estimated coefficient of a variable. Multicollinearity is said to be heavy if the VIF value exceeds 10 (Ghozali, 2016). The result of the multi-risk estimation can be seen through the table that there is no multicollinearity problem because the VIF value is smaller than 10.

4.2.2 Testing Model Feasibility

4.2.2.1 -2 Log Likelihood

To test the feasibility of the entire model, the first step is to assess the overall fit of the model to the available data.

Table 4.5 Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
	Step	21.178	3	.000
Step 1	Block	21.178	3	.000
	Model	21.178	3	.000

The Chi Square Model Omnibus Test value is 21.178 with degrees of freedom (Df) of 3 and. P - value (Sig.) Of 0,000 so that the results of this test are significant, or in other words, it has met the criteria for goodness of fit test.

4.2.2.2 Determinant Coefficient (Negelkerke R Square)

The Nagelkerke R Square test is used to show the value of the coefficient of determination from the logistic regression model which can be seen in table 4.6:

Table 4.6 Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	17.495ᵃ	.531	.709

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

The Negelkerke R Square coefficient on the table summary is a modification of the Cox & Snell R Square coefficient so that the maximum value can reach one and has a value range between 0 and 1, the same as the coefficient of determination R2 in multiple regression. The independent variable in this study is able to explain the dependent variable of 0.709 (70.9%) while the rest (100% -70.9% = 29.1%) is explained by other variables outside of this study.

4.2.2.3 Hosmer and Lemeshow Test

The Hosmer and Lemeshow Test is used to assess the overall feasibility of a logistic regression model. If Sig> 0.05, the binary logistic regression model is appropriate. However, if Sig <0.05 then the binary logistic regression model is not appropriate.

Table 4.7 Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	7.370	7	.391

Based on table 4.7, it can be seen that the significance value of this study amounted to 0.391. Based on these results, it is concluded that the model is able to explain the empirical data because the p value (sig) exceeds 0.05. In other words, the binary logistic regression model is said to be acceptable because it fits the observational data.

4.2.3 Classification Table

To see how well the research model predicts, we can see at the classification table. For a perfect model the overall percentage will be 100%. Table 4.8 shows that the overall percentage that predicts the model is good because it is able to predict research data of 85.7% in which this value is already greater than 50%.

Table 4.8 Classification Table

Observed		Predicted		
		Transparency on local websites		Percentage Correct
		Do not provide IKD	Provide IKD	
Transparency on local websites	Do not provide IKD	11	2	84.6
	Provide IKD	2	13	86.7
Overall Percentage				85.7

4.2.4 Variables in the Equation

Table 4.9 demonstrates the variables in the equation used to show the results of the logistic regression coefficient testing of the research model. From the table it can be seen the significance of the independent variable compared with the control variable. The results of the logistic regression coefficient test can be seen in model I and II below:

Table 4.9 Regression Model I

		B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	SIZE	.333	1.686	.039	1	.843	1.395	.051	37.951
	TYPE	.171	1.101	.024	1	.876	1.187	.137	10.277
	BUDGET	4.588	2.119	4.688	1	.030	98.249	1.544	6249.911
	Constant	-103.487	47.180	4.811	1	.028	.000		

a. Variable(s) entered on step 1: Ln Total Asset, Total Population, Capital Expenditure.

Regression Model II

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	SIZE	1.468	2.334	.396	1	.529	4.339	.045	420.380
	COMPLEXITY	-.316	1.446	.048	1	.827	.729	.043	12.408
	BUDGET	5.545	2.803	3.912	1	.048	256.001	1.052	62310.085
	AGE	-.006	.005	1.254	1	.263	.994	.985	1.004
	Constant	-147.682	81.303	3.299	1	.069	.000		

a. Variable(s) entered on step 1: Ln Total Asset, Total Population, Capital Expenditure, Age of Local Government.

*Significant α=0.05

SIZE   : Size of Local Government

TYPE   : Complexity Government

BUDGET   : Budget Expenditure

AGE   : Age of Local Government

4.2.5 Findings of Hypotheses Testing

4.2.5.1 Government Size Affects Transparency Information on Local Governments' Websites

The results of logistic regression are shown in Table 4.9, with the variable size having a positive regression coefficient of 1.468 and a significant value of 0.529. The variable size, in terms of the effect of size on the transparency of information on the official local government website, does not support hypothesis 1. Because the size variable's significance value is greater than 0.05, this is the case. The variable size hypothesis 1 is rejected, according to the output values in table above.

In terms of the transparency of information through the official website, the research results for the size variable varied. Financial statements are one of the management information signals to the principal, according to signaling theory (Godfrey, 2007). The better a local government's management performs, the more transparent its financial statements become. Total assets are used to determine the size of a local government. Assets are one of the financial statements' accounts, specifically the balance sheet. As a result, it can

be stated that the larger the local government, the better the financial information should be disclosed. On the other hand, the results of statistical tests not supported this theory.

Previous research that supports this finding is the research conducted by Nainggolan and Purwanti (2012), Adiputra, et al. (2018), Ratmono (2013) and Hilmi and Martani (2012) who conclude that the size of the government in Indonesia does not have a significant effect on transparency on the official government website because according to Hilmi and Martani (2012) that the large number of assets owned by the government causes the local government to tend to have poor asset management quality and obtained records from the BPK. However, the government often does not have sufficient information regarding the cases at hand, so this causes the size of the local government to have no effect on the transparency of financial information on its official website. The findings of this study are comparable to those of Laswad et al. (2005), Munoz and Bolivar (2015), and Agus Tubels & Dya Purwanti (2016), who found that the size of the local government had no significant effect on regional financial information disclosure.

4.2.5.2 Government Complexity Affects Transparency Information on Local Governments' Websites

The researcher examined the impact of government complexity on information transparency on the official websites of Indonesian local

governments in the second hypothesis. Table 4.11 shows that the regression coefficient is -0.316 with a significance value of 0.827. The significance value is greater than the value of 0.05 and the coefficient is negative, suggesting that the government complexity variable has no effect on information transparency on Indonesian local government official websites. Thus, hypothesis 2 is rejected as a result of this outcome.

This research finding differs from the research conducted by Medina (2012), Rora (2012), Kadek (2015) who concluded that government complexity has a significant effect on the disclosure of regional financial information. The difference is thought to be because the research was conducted in the past, namely by using observations on local government websites before 2012.

The complexity of local government is proxies by the population. The huge demand for public services in each region is reflected in the population size. Public understanding of the internet is more advanced where the government is in the form of a city with a greater population. It is different in the type of district government where the population is smaller and the population's lack of internet awareness prevents regional financial information from being obtained on website. Nevertheless, this research finding supports Agus Tubels & Dya Purwanti (2016) who concluded that government

complexity had no significant effect on the transparency of regional financial information.

1.2.5.3 Budget Expenditure Affects Transparency Information on Local Governments' Websites

The third hypothesis examined the effects of regional investment transparency information on the official local government website's. The realization of a regional expense is used to calculate the state expenditure variable. Table 4.9 showed that budget expenditure has a regression coefficient of 5.545. The budget expenditure independent variable has a significance value of 0.48, which is less than the value of $\alpha =0.05$. This demonstrates that the BUDGET variable has an impact on the information transparency on the official local government website. As a result of this, hypothesis 3 is accepted.

This research finding is in line with those conducted by Nugroho and Rohman (2012) that the government will carry out the development of infrastructure as well as facilities and infrastructure needed by the state, which is reflected in the capital expenditures made by the government. Budget expenditure are closely related to investments made by local governments. Budget expenditure are regional government expenditures whose benefits are more than one fiscal year and will increase regional assets or wealth and result in increased routine expenditures (Sularso and Restianto, 2011). Therefore, the

awareness of the local government is already concerned about the transparency of regional financial information.

1.2.5.4 Age of Local Government Affects Transparency Information on Transparency

The age of the local government has an effect on the transparency of information on the official website of the local government in the control variable. In table 4.9, the age of local government has a regression coefficient of -0.006. The significant value for the age of the local government is 0.263 which is smaller than $\alpha = 0.05$. This shows that the age of the government affects the transparency of information on the official local government website.

This control variable looks at the age of the government and how it affects transparency of information through the local government's official website, in which the local government is deemed capable of handling municipal finances and properly reporting financial information. As a result, a local authority would have no impact on transparency of information via the official website as long as new or has been established for a long time. However, the size of the government, its complexity, and government expenditure do not guarantee that information transparency is enforced through the official local government website to the long-established government, nor do they rule out the possibility that the current government

has implemented information transparency through the official local government websites.

CHAPTER V

CONCLUSION

5.1 Conclusion

This study aims to obtain empirical evidence on the extent to which the size of the local government, government complexity, and regional spending can influence the transparency of local governments as seen based on the availability and ease of accessing Regional Financial Information (IKD) on the official website. This research was conducted on 28 samples, consisting of 18 district governments and 9 cities and 1 province.

Based on the research findings, it is concluded that the size of local government and complexity government do not have a significant negative effect on the transparency of financial information on the local government website. Meanwhile, budget expenditure has a significant positive effect on financial information on the official government website. However, age of local government had a significantly lower value than $\alpha = 0.05$ based on result

According to the findings of the three variables evaluated, only one independent variable. BUDGET from the regional expenditure category was accepted and showed a significant influence on the research dependent variable. The other independent variables, such as the size and complexity of the government, have no significant effect on the amount of information

transparency on the official websites of Indonesian local governments. As a result, it is reasonable to infer that the growing number of BUDGET will motivate local governments to disclose financial information on their official websites.

5.2 Limitations

This study has the following limitations:

1. The low ability of the independent variables in this study causes the dependent variable tested in the study has not been widely explained by the independent variable.

2. The sample used is minimal because the data is difficult to obtain due to the unsupportive conditions (pandemic). Thus, sampling is considered not optimal.

3. The data used in this study only in 2019

5.3 Recommendations

Given that the research limitations, there are a few recommendations provided for future possible studies.

1. For Academics

Adding the dependent variables of regional information transparency such as political competition in each region, the level of public education in

each region, the number of residents who install the internet at home in each region, the quality of information displayed on the official website, the level of leverage and press visibility in other countries. This can be utilized as research material for the official local government website's disclosure of information.

2. For government institutions

In line with the development in LKPD, the local government of West Java hopes to improve the principle of transparency of information on the official local government website. This hope can lead to effective governance in a country, particularly in Indonesia. We may progress to a developed country by establishing effective government.

3. Public

It is possible to determine whether the local government in each community has made information transparency a priority on the official local government website. Community can examine the level of information transparency management on the official website, as well as responsibility and involvement, which is a key component of effective governance.

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APPENDIXES

Appendix 1

Sample Data City and District in West Java

District/City	X1	X2	X3	X4	Y
Bogor	26492593450206.00	5900000	1200805909	538	1
Bandung	11263980756266.00	3700000	810096933	379	1
Bekasi	13071854740463.00	3700000	1040687329	70	1
Kota Bekasi	7069408614459.00	2900000	1536128399	23	1
Garut	4827037991824.00	2600000	701584667	207	1
Kota Bandung	43525574870159.00	2500000	1128631620	210	1
Sukabumi	4536783715734.00	2500000	544637937	150	1
Kota Depok	12066798550548.00	2400000	855236568	21	1
Karawang	5354357417461.00	2300000	670513813	387	1
Cianjur	6525736823289.00	2300000	585378363	343	1
Cirebon	4574490416349.00	2200000	350844163	538	0
Tasikmalaya	2718473769472.00	1800000	335689638	213	0
Indramayu	5795777607533.00	1700000	1039413697	493	1
Bandung Barat	3481844482544.00	1700000	475637908	13	0
Subang	4934942019473.00	1600000	329025208	72	0
Majalengka	4882131240028.00	1200000	845613152	201	1
Ciamis	3752059968699.00	1200000	291187767	378	0
Sumedang	3400816817776.00	1200000	336461624	70	0
Kota Bogor	8450865944760.00	1100000	481846388	538	0
Kuningan	2383476298067.00	1100000	151571312	101	0
Purwakarta	5191376221321.00	945900	350837123	52	0
Kota Tasikmalaya	3544157788466.00	675200	241488588	19	1
Kota Cimahi	2698443733676.00	601500	403050193	19	1
Pangandaran	2172555748635.00	401000	363435217	8	0
Kota Sukabumi	1785690796502.00	326600	186796853	106	0
Kota Cirebon	3908027656909.00	315800	185578360	632	0
Kota Banjar	1711898733593.00	186300	140167245	18	0
Jawa Barat	40724440711738.00	49020000	481846388	75	1

Appendix 2

Result Data SPSS

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ln Total Asset	28	1711900000000	43525600000000	8601631071428.57	10696981966124.955
Total Population	28	186300	49020000	3502582.14	9008079.590
Capital Expenditure	28	140167245	1536128399	573721155.79	361419160.855
Transparency on local websites	28	0	1	.54	.508
Valid N (listwise)	28				

Correlations

		Ln Total Asset	Total Population	Capital Expenditure
Ln Total Asset	Pearson Correlation	1	.788**	.687**
	Sig. (2-tailed)		.000	.000
	N	28	28	28
Total Population	Pearson Correlation	.788**	1	.613**
	Sig. (2-tailed)	.000		.001
	N	28	28	28
Capital Expenditure	Pearson Correlation	.687**	.613**	1
	Sig. (2-tailed)	.000	.001	
	N	28	28	28

**. Correlation is significant at the 0.01 level (2-tailed).

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-11.038	3.027		-3.647	.001		
	Ln Total Asset	.031	.147	.051	.210	.836	.312	3.204
	Total Population	.049	.107	.102	.455	.653	.369	2.710
	Capital Expenditure	.499	.148	.639	3.366	.003	.514	1.944

a. Dependent Variable: Transparency on local websites

Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	Step	21.178	3	.000
	Block	21.178	3	.000
	Model	21.178	3	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	17.495^a	.531	.709

a. Estimation terminated at iteration number 7 because parameter
estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	7.370	7	.391

Classification Table^a

Observed		Predicted		
		Transparency on local websites		Percentage Correct
		Do not provide IKD	Provide IKD	
Step 1	Transparency on local websites — Do not provide IKD	11	2	84.6
	Transparency on local websites — Provide IKD	2	13	86.7
	Overall Percentage			85.7

a. The cut value is .500

Regression Model I

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1^a	Ln_Total_Asset	.333	1.686	.039	1	.843	1.395	.051	37.951
	Total_Population	.171	1.101	.024	1	.876	1.187	.137	10.277
	Capital_Expenditure	4.588	2.119	4.688	1	.030	98.249	1.544	6249.911
	Constant	-103.487	47.180	4.811	1	.028	.000		

a. Variable(s) entered on step 1: Ln_Total_Asset, Total_Population, Capital_Expenditure.

Regression Model II

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1^a	Ln_Total_Asset	1.468	2.334	.396	1	.529	4.339	.045	420.380
	Total_Population	-.316	1.446	.048	1	.827	.729	.043	12.408
	Capital_Expenditure	5.545	2.803	3.912	1	.048	256.001	1.052	62310.085
	Age_of_Local_Government	-.006	.005	1.254	1	.263	.994	.985	1.004
	Constant	-147.682	81.303	3.299	1	.069	.000		

a. Variable(s) entered on step 1: Ln Total Asset, Total Population, Capital Expenditure, Age of Local Government.