

Determinants of Financial Information Disclosure on Local Government Websites as the Implementation of E-government in Indonesia

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ABSTRAK

Penelitian ini mengkaji faktor-faktor penentu pengungkapan informasi keuangan pada situs web pemerintah daerah yang terdiri dari ukuran pemerintah daerah, diferensiasi fungsional, leverage, tingkat ketergantungan daerah, kekayaan, dan visibilitas pers sebagai bentuk implementasi e-government di Indonesia. Pengujian dilakukan terhadap 463 pemerintah daerah yang mewakili sekitar 87% dari Provinsi, Kabupaten dan Kota di Indonesia. Penelitian ini menggunakan metode regresi linier berganda sebagai alat uji. Hasil penelitian menunjukkan bahwa rata-rata pengungkapan informasi keuangan pada situs web pemerintah daerah relatif rendah yang hanya mencapai 34%. Tingkat kesiapan pemerintah daerah terhadap implementasi e-government masih dalam tahap 1 yang merupakan persiapan. Kecenderungan pemerintah daerah hanya memenuhi kewajiban mereka dalam membuat situs web resmi tanpa benar-benar ingin meningkatkan akuntabilitas dan transparansi. Ukuran pemerintah daerah, diferensiasi fungsional dan visibilitas pers memiliki pengaruh positif terhadap pengungkapan informasi keuangan di situs web pemerintah daerah di Indonesia. Sementara itu leverage memiliki pengaruh negatif terhadap pengungkapan informasi keuangan pemerintah daerah di Indonesia. Tingkat ketergantungan dan kekayaan daerah tidak mempengaruhi pengungkapan informasi keuangan di situs web pemerintah daerah di Indonesia. Implikasi penelitian mengarah pada sudut pandang teori keagenan, di mana pengungkapan informasi keuangan merupakan bentuk akuntabilitas dan transparansi pemerintah kepada masyarakat. Pemerintah daerah diharapkan meningkatkan akuntabilitas dan transparansi mereka dengan mengungkapkan informasi keuangan di situs webnya. Pemerintah pusat diharuskan membuat peraturan khusus terkait dengan pengungkapan informasi keuangan di situs web. Selanjutnya masyarakat dapat memantau kinerja keuangan pemerintah daerah mereka secara langsung dan informasi keuangan antar pemerintah daerah dapat dibandingkan.

Kata Kunci: penentu pengungkapan; e-government; informasi keuangan; pengungkapan sukarela

ABSTRACT

This study examines the determinants of disclosure of financial information on the local government website that consists of local government size, functional differentiation, leverage, the level of local dependence, wealth, and press visibility as a form of e-government implementation in Indonesia. Tests conducted on 463 local government which representing around 87% of the Provincial, District and City in Indonesia. This study uses multiple linear regression method as a test tool. The results showed that the average disclosure of financial information on the local government website was relatively low which only reached 34%. The level of preparedness of local governments on the implementation of e-government are still in the stage 1 which is preparations. The tendency of local governments are just to fulfilling their obligations in making the official website without truly wants to improve accountability and transparency. Local government size, functional differentiation and press visibility have positive influence on the disclosure of financial information at local government websites in Indonesia. Meanwhile leverage has negative influence on the disclosure of local government financial information in Indonesia. The level of local dependence and wealth does not affect the disclosure of financial information on the websites of local governments in Indonesia. Research implications lead to the standpoint of agency theory, where the disclosure of financial information is one form of government accountability and transparency to the community. The local government is expected to improve their accountability and transparency by disclosure of financial information on its website. Central government is required to make specific regulations related to disclosure of financial information on the website. Furthermore the people can monitoring financial performance of their local government directly and financial information among local governments can be compared.

Keywords: determinants of disclosure; e-government; financial information; voluntary disclosure

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INTRODUCTION

E-government is an application of information technology, especially internet technology, to enrich access, delivery of information and government services to the public, business units, employees and other stakeholders. In Indonesia, e-government began to be implemented since the issuance of Presidential Instruction No. 3 of 2003 concerning National Policy and Strategy for E-government Development. West (2005) states that more than 19% of all government organizations worldwide have adopted e-government to varying degrees. E-government plays a role in financial reform and regional autonomy by upholding accountability and transparency. Attention to the issue of transparency in Indonesia has increased significantly over the past decade. One indicator of this is the issuance of Law No. 14 of 2008 on Public Information Disclosure (UU KIP). The UU KIP clearly regulates the obligation of public agencies or officials to provide open access to information to the public. One form of transparency that can be pursued by regional heads is to voluntarily disclose local government financial information on the internet. This is one manifestation of public accountability as an application of agency theory. The obligation of the government (agent) as the holder of public trust is to provide accountability, present, report, and disclose all activities and actions under its responsibility to the public (principal), who have the right and authority to demand such accountability (Mardiasmo, 2009:20).

Beattie and Pratt (2001) state that the internet is claimed to have brought about a potential revolution in reporting. This is because the internet has global reach, interactive capacity, and good speed. The development of internet use has also occurred in local government entities. Computer-based tools can facilitate access to local government information. This aligns with the concept of signaling theory, where the government, as the entity entrusted by the public, seeks to send positive signals to the public (Trisnawati and Achmad, 2013). The internet is the most effective medium for local governments to demonstrate positive signals to the public in an optimal manner, thereby showing that the government is fulfilling the mandate entrusted by the people (Puspita and Martani, 2012).

The phenomenon of financial information disclosure on local government websites in Indonesia is relatively low, as it is still below 50% (Puspita and Martani, 2012). Muhammad's (2012) research shows that the average index of financial information disclosure by local governments is still below 7%, which is lower than the average non-financial index of below 26%. Meanwhile, Martani et al. (2014) revealed that the level of financial information transparency and local government performance in Indonesia has only reached 15%. The existence of heterogeneity among local governments in Indonesia has resulted in financial information on websites being disclosed in varying degrees, from the least to the most complete (Afriyansyah, 2013). These heterogeneity factors can include the size of the local government, functional differentiation, debt financing levels, dependency levels, and community welfare levels, and media visibility is also suspected to influence the disclosure of financial information on government websites.

Several studies have found a positive influence of local government size on the level of financial information disclosure on local government websites (Medina, 2012; Puspita and Martani, 2012; Trisnawati and Achmad, 2013). Anggraeni (2013) demonstrated a positive influence of functional differentiation on financial report disclosure on local government websites. Laswad et al. (2005) and Trisnawati and Achmad (2013) found that the level of debt financing significantly influences the disclosure of financial information by local governments through the internet. The influence of the level of regional dependence on the voluntary disclosure of financial reports on local government websites was found by Puspita and Martani (2012) and Martani et al. (2014). The studies by Laswad et al. (2005) and Trisnawati and Achmad (2013) demonstrated that the higher the per capita income of a region, the higher the level of information disclosure on government websites. Laswad et al. (2005) in their study showed that the variable of media visibility has a positive influence on voluntary financial reporting on the internet. This study is a replication of Laswad et al. (2005), which examined the determinants of voluntary financial reporting on the internet in New Zealand local governments. The differences between this study and Laswad et al. (2005) lie in the research object, the variables constructed, and the measurement method of the dependent variable. This study employs content analysis using the checklist method developed by Garcia and Garcia (2008) to measure financial information disclosure variables on local government websites. The findings of this study provide insights into the importance of transparency and accountability in local governments, one of which is realized through financial information disclosure on local government websites to enhance e-government.

Based on the background described above, the purpose of this study is to examine and provide empirical evidence that the size of local government, functional differentiation, debt financing level, regional dependency level, community welfare level, and media visibility are determinants of financial information disclosure on local government websites in Indonesia.

METHODS

Population and Sample

The population in this study was all local governments in Indonesia, including provincial, regency, and city governments, totaling 531 local governments. The sampling method used in this study was purposive sampling. Purposive sampling is a technique for determining samples based on specific considerations/criteria (Sugiyono, 2013:85). The criteria for local governments to be sampled in this study were those that had an official website that could be accessed (not offline) and whose balance sheet and budget realization reports were available on the DJPK website. For further details, see Table 1 below.

Table 1. Research Population and Sample

Remark	Total
Local Government in Indonesia	531
Local governments that do not have an official website	(10)
Local governments whose websites are not accessible (<i>offline</i>)	(41)
Local governments whose data is not available on the DJPK website	(17)
The number of local governments sampled	463

Variables and Measurements

To further clarify the operationalization of each variable according to the hypothesis built, it can be summarized as in Table 2 below:

Table 2. Operationalization of Variable

Variable	Description	Measurement	Scale	Source
DISC	Disclosure of financial information on the Government website (Y)	Checklist and scoring methods . The score of each disclosure item is summed and divided by the total expected disclosure items (26 items) so that the disclosure score is multiplied by 100%.	Ratio	Garcia and Garcia (2008)
SIZE	Local government size (X1)	Natural logaritma total aset	Ratio	Laswad, et al., (2005)
DIF	Functional Differentiation (X2)	Number of Regional Apparatus Work Units (SKPD)	Ratio	Setyaningrum and Syafitri (2013)
LEV	Tingkat pembiayaan hutang (X3)	$\frac{\text{Total Liability}}{\text{Total of Aset}} \times 100\%$	Ratio	Trisnawati and Achmad (2013)
DEPEN D	Tingkat ketergantungan daerah (X4)	$\frac{\text{General Allocation Fund}}{\text{Total of revenue}} \times 100\%$	Ratio	Martani (2014)
WEALTH	Tingkat Kesejahteraan Masyarakat (X5)	$\frac{\text{Regional Original Revenue}}{\text{Total of residents}} \times 100\%$	Rato	Laswad, et al. (2005), Trisnawati and Achmad (2013)
PRESS	Media visibility (X6)	Number of <i>quotes</i> on <i>google</i> for each local government	Ratio	Laswad, et al., (2005)

RESULTS AND DISCUSSION

Data Analysis

To test the hypothesis in this study, the data analysis method used is multiple regression analysis with SPSS 20. The test is based on the following multiple linear regression equation:

$$\text{DISC} = \alpha + b_1\text{SIZE} + b_2\text{DIF} + b_3\text{LEV} + b_4\text{DEPEND} + b_5\text{WEALTH} + b_6\text{PRESS} + e$$

Remark :

DISC = Disclosure of financial information on local government websites

α	= Coefisien Constanta
$b_1, b_2, \dots, b_6$	= the regression coefficient of each variable
SIZE	= The Size of the Local Government
DIF	= Functional differentiation
LEV	= Debt financing level
DEPEND	= The Degree of Regional Dependency
WEALTH	= The level of community welfare
PRESS	= Media Visibility
e	= Error Term

Descriptive Statistical Results

A descriptive statistical overview for dependent and independent variables can be seen in Table 3 below:

Table 3. Statistics Descriptive

N		Range	Minimum	Maximum	Mean	Std. Deviation
aset	463	405254478.000	121467.000	405375945.000	4066864.71532	19162381.662926
Diff	463	25.0	20.0	45.0	29.261	4.1008
lev	463	13.44964	.00000	13.44964	.8596532	1.39774335
depend	463	88.273	.000	88.273	56.89073	17.192872
wealth	463	518.108	.338	518.446	25.26867	35.135464
Press	463	1933400.0	86600.0	2020000.0	523737.797	291696.8083
DISC	463	84.615	3.846	88.462	34.23326	17.351971
Valid N (listwise)	463					

The descriptive statistics based on the table above show that the smallest amount of assets, Rp 121,467,061,106, is owned by the Salatiga City Government, while the largest amount of assets, Rp 405,375,945,683,758, is owned by the DKI Jakarta Provincial Government. The average asset value of local governments in Indonesia is Rp 4,066,864,715,320. A total of 378 local governments (approximately 82%) has asset values below the average, while the remaining 18% of local governments have asset values above the average. This indicates that most local governments in Indonesia have relatively small total assets, as they are below the average. The smallest number of SKPDs is 20 (twenty), owned by the Kaimana Regency Government, while the largest number of SKPDs is 45, owned by the Jakarta Special Capital Region Government, the West Java Provincial Government, the East Java Provincial Government, and the South Sulawesi Provincial Government. The average number of SKPDs in local governments in Indonesia is 29 SKPDs. The minimum debt financing ratio is zero percent, held by 21 local governments. This is because the debt obligations in those areas are also zero, meaning they have no debt. The highest Debt Financing Ratio is 13.45%, held by North Sumatra Province. The average

Debt Financing Ratio for local governments in Indonesia is 0.86%. A total of 324 local governments, or approximately 70% of local governments, have a Debt Financing Ratio below the average. Only around 30% of local governments use debt above the average value. Therefore, the average debt financing ratio of local governments is relatively low, indicating that external borrowing remains a minor source of funding for local governments. Debt is not the primary source of funding for local governments, as they have other legitimate sources such as local revenue, transfer payments, and other legitimate income streams to finance their operational activities. Debt serves as the last resort for funding for local governments.

The lowest level of regional dependency is zero percent, held by the Provincial Government of North Kalimantan. This is because the Provincial Government of North Kalimantan, which was officially established in October 2012, did not receive any DAU in 2013 from the central government. The highest level of regional dependency is 88.27%, held by the City of Tanjung Balai. The average regional dependency rate on the central government in Indonesia is quite high at 56.7%. A total of 305 regional governments (approximately 66%) has a dependency rate above the average. This indicates that most regional governments are still highly dependent on transfer funds from the central government and very few rely on their own regional revenues.

The lowest level of community welfare (minimum) is 0.33% in North Kalimantan Province, while the highest level (maximum) is 518.4% in Badung Regency. The high percentage of community welfare in Badung Regency, Bali Province, is due to the large amount of local revenue in the area, which far exceeds the number of its residents. The average Community Welfare Level in Indonesia remains low at 25.27%. A total of 327 local governments has a Community Welfare Level below the average, while 136 local governments have a Community Welfare Level above the average. This indicates that the majority, or approximately 70%, of local governments in Indonesia have communities classified as pre-prosperous.

The smallest number of media reports (minimum) was 86,600 reports for Bau Bau City, and the largest number of media reports (maximum) was 2,020,000 reports for North Sumatra Province. The North Sumatra Provincial Government also has the highest debt financing ratio at 13.45%, which is suspected to be one of the causes of the high media coverage of its government. The average number of media reports is 523,737 news articles.

The highest percentage of disclosure (maximum) is 88% in DKI Jakarta Province, while four districts have the lowest percentage of disclosure (minimum) at 3.8%. The average percentage of financial information disclosure on local government websites is only 34.2%. This indicates that the level of financial information disclosure on local government websites is still low. Very few local governments utilize their websites as a medium for disclosing financial information. This is because local government websites are only one of many alternative media for disclosure. Local governments are not yet sufficiently transparent in disclosing financial information on their websites. Most local government websites do not

provide detailed information on their finances or performance. Therefore, the level of readiness of local governments in implementing e-government in accordance with Presidential Instruction No. 3 of 2003 can be categorized as still at level 1, namely the preparation stage. This is indicated by the tendency of local governments to merely fulfill their obligation to create official websites without really wanting to improve their accountability and transparency to stakeholders. This is also supported by observations on several local government websites that provide links to certain documents or information, but the documents or information are not available.

Hypothesis Testing Results and Discussion

Before testing the hypothesis, it was ensured that the research model passed the classical assumption test, which includes multicollinearity, heteroscedasticity, and normality tests. The Adjusted R^2 value of 0.179 means that in the equation model in this study, only 17.9% of the financial information disclosure variable can be explained by the independent variable, while the remaining 82.1% is explained by other factors outside the model. This indicates that local governments have not prioritized financial information disclosure on their websites. Local government websites are one of many alternative disclosure media. In the equation model, the F value was 17.79 with a probability of 0.000, where the probability value is less than 0.05, so the regression model can be used to predict financial information disclosure on local government websites. Therefore, it can be concluded that the variables of local government size, functional differentiation, debt financing level, regional dependency level, community welfare level, and media visibility influence financial information disclosure on local government websites in Indonesia. The Individual Parameter Test (t-test), which is a hypothesis test, was conducted by comparing the probability value (*sig*) with the *alpha* value (this study used *alpha* 10%). The individual significance testing for the six hypotheses proposed in this study can be seen in Table 4 below.

Table 4. Individual Effect Test Results

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Ket.
		B	Beta			
1	(Constant)	-105.877		-3.921	.000	
	LnSize	2.791	.128	1.797	.073	*
	Diff	.485	.115	2.255	.025	**
	lev	-1.230	-.099	-2.261	.024	**
	depend	-.074	-.073	-1.120	.263	Insignificant
	wealth	.031	.062	1.353	.177	Insignificant
	LnPress	6.876	.210	4.188	.000	***
a. Dependent Variable: DISC						
Adjusted R square			0,179			
F statistic			17,79			
Prob (F statistic)			0,000			

Remark :

* = significant on *alpha* 10%

** = significant on *alpha* 5%

*** = significant on *alpha* 1%

Of the six independent variables, four variables have probability values less than 0.10, namely local government size, functional differentiation, debt financing level, and media visibility. This means that these four variables have a significant effect on financial information disclosure on local government websites. The variables of local government size, functional differentiation, and media visibility have a significant positive effect on financial information disclosure because their t-statistics are positive. The variable of debt financing level has a significant negative effect on financial information disclosure on local government websites. The variables of regional dependency level and community welfare level do not have a significant effect on financial information disclosure on local government websites.

The Influence of Local Government Size on Financial Information Disclosure on Government Websites

The results of this study indicate that the size of local government has a significant positive effect on financial information disclosure on its website. In Indonesia, local government assets are used to provide services to the public and resources that are maintained for historical and cultural reasons (PP No. 71 of 2010). Local governments with large total assets tend to have more complex financial management because they are balanced with more complex service provision facilities. Consequently, local governments need to disclose more information about the list of assets they own, their maintenance, and management (Suhardjanto et al., 2010). Therefore, these local governments will pay greater attention to disclosure in accordance with applicable accounting standards (Patrick, 2007). The need for disclosure will be greater for large local governments, so the internet can be a very efficient and effective means (Laswad et al., 2005). The results of this study support the study by Susbiyani et al. (2014) that larger local governments have higher levels of supervision, thereby motivating them to use disclosure strategies. This is done to fulfill the public's expectations for transparency and accountability in local government. These findings also support the results of studies by Medina (2012), Puspita and Martani (2012), and Trisnawati and Achmad (2013), which demonstrate the positive influence of local government size on financial information disclosure on their websites. Medina (2012) argues that the more resources a local government has, the more likely it is to invest in infrastructure systems that support transparency. Such infrastructure systems can include web servers, document management systems, video conferencing, and others. This indicates that the larger the total assets of a local government, the greater the resources allocated for website development. This argument is consistent with the findings of Puspita and Martani (2012) that larger local governments will disclose more information content, improve website presentation, and achieve higher average content disclosure and presentation on their websites. From an agency theory perspective, local governments, as agents, are required to be more transparent to the public in accounting for the regional assets they manage.

The Effect of Functional Differentiation on Financial Information Disclosure on Government Websites

Statistical tests show that functional differentiation has a significant positive effect on financial information disclosure on local government websites. The results of this study are in line with Anggraeni's (2013) research. The number of SKPDs reflects the number of issues that are priorities for local governments in developing their regions.

The more affairs that are prioritized by the local government, the more complex the government becomes. The greater the number of SKPDs, the more information that must be disclosed to reduce information asymmetry and demonstrate better government performance. In addition, the greater the number of SKPDs in a government, the higher the fulfillment of local government financial report disclosure (Damanpour, 1991). SKPDs are also a means of sharing ideas, information, and innovation. To manage finances within the SKPD structure, human resources with accounting skills and economic knowledge are needed. The more SKPDs there are in a local government, the more human resources are empowered. This is assumed to increase awareness and willingness to disclose financial information to the public. The sender (information owner) strives to provide relevant information that can be utilized by the recipient. The recipient (the public) will then adjust their behavior according to their understanding of the signal. Local governments with more SKPDs will provide better signals to the public through financial information disclosure on their websites compared to local governments with fewer SKPDs.

The Effect of Debt Financing Levels on Financial Information Disclosure on Government Websites

The results of this study indicate that debt financing levels have a significant negative effect on financial information disclosure on local government websites. This indicates that in practice in Indonesia, high debt burdens reduce the amount of voluntary disclosure of financial information data on the internet. Local governments are reluctant to disclose their financial information to the public or creditors to avoid perceptions of high debt burdens. Higher debt as a source of financing indicates poor performance by local governments. Therefore, the higher the debt burden, the less financial information is disclosed on local government websites.

The results of this study reveal that the average level of local government debt financing in Indonesia is relatively low, at only 0.86%. Approximately 70% of local governments have debt financing levels below the average. This indicates that most local governments have debt financing levels below average. In addition, there are 21 local governments with zero debt financing, or no debt. This low debt financing level has resulted in a high disclosure rate. Local governments want to show the public through information disclosure that debt is not a major component of funding for local government operations in Indonesia. Debt is the last resort after PAD and the Fiscal Equalization Fund in financing government

operational activities. For example, Lingga Regency has a very low debt financing level of only 0.02%, but the percentage of information disclosure on its website is relatively high at 62%.

Local governments with high debt financing levels tend to be reluctant to disclose information, likely because they prioritize efficiency and debt repayment over incurring costs for disclosure on their websites. Local governments with high debt financing levels also avoid disclosure to prevent lenders from detecting risk signals in their loan decisions. This creates an information asymmetry between creditors as principals and local governments as agents. Local governments in Indonesia have not fully operated in a manner that provides benefits to creditors in accordance with the principal-agent theory. This indicates that there has been no significant improvement in transparency regarding the financial information they hold, even since the implementation of Presidential Instruction No. 3 of 2003 and Law No. 14 of 2008.

The Effect of Regional Dependency on Financial Information Disclosure on Government Websites

The results of this study indicate that regional dependency does not have a significant effect on financial information disclosure on local government websites. This study failed to prove that there is an effect of regional dependency on financial information disclosure on local government websites. The dependency ratio in this study was measured by comparing the General Allocation Fund (DAU) to the Total Regional Revenue. This is because the DAU has the largest contribution to Regional Revenue compared to other transfer funds. The results of this study are in line with the research by Susbiyani et al. (2014), which found no influence between the level of regional dependency and the disclosure of financial reports. The regional dependency ratio indicates the level of dependence of local governments on the central government in financing government activities, development, and services to the community. So far, the central government has not provided special monitoring in the process of determining the budget for regional balance funds for local governments, so this is suspected of not encouraging local governments to improve their financial report disclosure.

DAU allocation is typically around 75% used for indirect expenditures (staff salaries), while the remainder is allocated to direct expenditures such as goods and services purchases and capital expenditures. This indicates that only approximately 25% of DAU is allocated to goods and services purchases and capital expenditures. Meanwhile, the costs of disclosing information on local government websites fall under goods and services purchases and capital expenditures. As a result, local governments do not consider the size of DAU in disclosing financial information on their websites. The study also shows that the average level of dependence of local governments on the central government is 56.7%. This means that most local governments in Indonesia still heavily rely on transfer funds from the central government. However, the higher the dependence of a region on DAU from the central government does not necessarily increase the financial information disclosed on its website. For example, the Samosir

Regency Government has a high level of dependence at 87%, while the percentage of financial information disclosed on its website is only 19%. Meanwhile, the DKI Jakarta Provincial Government, with a very low dependence rate of only 0.75%, has the highest level of information disclosure on its website, reaching 88%. The agency relationship between local governments and the central government is not effectively implemented due to the lack of awareness among local governments in fulfilling their responsibilities. With financial decentralization, financial oversight of local governments should become more effective to create a transparent and accountable government (Setyaningrum and Syafitri, 2012). High-quality financial reports improved internal control systems, and more comprehensive disclosure in the form of detailed explanations on the website can serve to send positive signals to the public (Trisnawati and Ahmad, 2013).

The Influence of Public Welfare Level on Financial Information Disclosure on Government Websites

The results of this study indicate that the level of community welfare does not significantly affect financial information disclosure. A total of 327 local governments (around 70%) has a welfare level below average. This indicates that most local governments in Indonesia have communities classified as underprivileged. The large number of people living below the poverty line indicates that human resources with internet-based technology skills are still inadequate, resulting in a lack of public interest in financial information disclosure on local government websites. Local Own-Source Revenue (PAD) is a source of local government income derived from local taxes, local fees, and other receipts. Public awareness of paying taxes and fees remains low, resulting in low PAD realization. This leads to low levels of community welfare in Indonesia (proxied by the ratio of PAD to population), with an average percentage of only 25.27%. The public tends to fulfill their obligation to pay taxes and fees without demanding their right to know how the funds are used. As a result, the agency-principal relationship between the public and the government is not well established, so the role of PAD is insufficient to motivate the government to disclose its financial information. Residents with adequate welfare levels tend not to pay much attention to the disclosure of financial information by their local government, so the local government feels it is unnecessary to provide such information. The Badung Regency Government has the highest level of community welfare, reaching 518%, which means that the community in that area is very prosperous. This is due to the high PAD in the area, which far exceeds the number of residents. Financial information disclosure on the Badung Regency Government website should be quite high, but the percentage is only 30%. The achievement of welfare in a region causes financial information disclosure to not be a primary concern for the community. Therefore, the level of community welfare is not a factor considered by the local government in disclosing financial information on its website.

The Influence of Media Visibility on Financial Information Disclosure on Government Websites

The results of this study indicate that media visibility has a significant positive effect on financial information disclosure on local government websites. Media visibility is pressure resulting from media scrutiny, related to the role of the media as an intermediary between government entities and the public (Garcia and Garcia, 2008). The results of this study support the proposed hypothesis and are in line with the findings of Laswad et al. (2005) that the higher the media visibility in a local government, the higher the financial information disclosure on its website. Strong pressure from other parties, in this case the media, can result in a higher level of disclosure. Accounting information disclosure can serve the information demands of the media. Accounting information disclosure functions as a defense mechanism used by politicians to control the data that will be published by the media (Ingram, 1984). This motivates local governments to manage the media by disclosing their financial information, including through the internet, to provide an overview of the positive aspects of the local government. Therefore, local governments with greater media visibility will explore the use of several information channels for reporting, including the internet to disseminate financial information described by their own people (Laswad et al., 2005). The media's significant role ensures accountability and public transparency through the disclosure of financial information on local government websites.

The principle of signaling theory argues that every action contains information, and the internet is a highly effective and efficient means of sharing information. Local governments strive to send positive signals to the public through the disclosure of financial information on their websites as a manifestation of transparency and accountability. This disclosure is also expected to address the information demands of the media.

CONCLUSION

This study aims to examine the determinants of financial information disclosure on local government websites, consisting of local government size, functional differentiation, debt financing level, regional dependency level, community welfare level, and media visibility as a form of e-government implementation in Indonesia. The testing was conducted on 463 local governments representing approximately 87% of provincial, regency, and city governments in Indonesia using multiple linear regression as the testing tool.

The results show that the average percentage of financial information disclosure on local government websites is still relatively low, at only 34.2%, which is below 50%. This low percentage indicates that during the 12 years of e-government implementation in Indonesia, local governments have not optimized the disclosure of financial information as a means of communication with stakeholders. The level of readiness of local governments in implementing e-government in accordance with Presidential Instruction No. 3 of 2003 can be categorized as still at level 1, namely the preparation stage.

There is a tendency for local governments to merely fulfill their obligations in creating official websites without truly wanting to improve their accountability and transparency.

This study successfully proved the significant positive influence of local government size, functional differentiation, and media visibility on financial information disclosure on local government websites. This study also found evidence of a significant negative influence of debt financing levels on financial information disclosure on local government websites. Local governments are reluctant to disclose their financial information to the public and creditors to avoid perceptions of high debt burdens. Higher use of debt as a source of financing indicates low local government performance. The level of regional dependence and the level of community welfare do not affect financial information disclosure on local government websites.

The central government can create more specific regulations related to financial information and performance represented on local government websites, such as guidelines for implementing local government websites. Presidential Instruction No. 3 of 2003 concerning National Policy and Strategy for e-Government Development clearly shows that the central government is serious about developing e-government. However, local governments have not been fully optimal in implementing e-government. More specific regulations will encourage local governments to immediately prepare human resources and information systems that support the open presentation of financial information on their websites. Additionally, rewards should be given to local governments that have performed well in disclosing financial information on their websites as an effort to improve e-government implementation.

Limitations and Suggestions for Future Research

1. This study uses a checklist to calculate the level of financial information disclosure on local government websites. In providing assessments, researcher subjectivity is possible. There is still some information that is not included in the checklist, such as the availability of the General Procurement Plan (RUP) and Local Government Performance Report (LPPD) documents. Further researchers can expand the disclosure index by adding these items to the checklist. In the statistical test, this study cannot explain the contribution of each indicator of financial information disclosure. Further research is expected to accommodate this by using analytical tools such as structural models.
2. In the equation model in this study, only 17.9% of the financial information disclosure variables can be explained by the independent variables, while the remaining 82.1% is explained by other factors outside the model. Local government websites are one alternative medium for financial information disclosure. There are many other disclosure media, such as print and electronic media, besides the internet. Other regional characteristics, such as the administrative age of the local government, the size of the region, the population, and the size of the legislature, can be considered as determinants of financial information disclosure. Meanwhile, other financial performance indicators, such as Local

Government Financing, Local Government Independence Ratio, and the Audit Opinion of the State Audit Agency (BPK), among others, can also serve as references for future researchers.

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