ANALYSIS OF FACTORS THAT AFFECTING INTERNET LOCAL GOVERNMENT FINANCIAL STATEMENTS DISCLOSURE

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Based on Government regulation, local government should reported financial results respective regions - each to the public. Public expect Local Government be able create publics affairs governance (good governance). Accountability and transparency can see in Local Government Financial Statements. This study aimed to get empirical evidence about the influence of Leverage, Regional Dependence Level and Regional Independence Level on Internet Local Government Financial Statements Disclosure. This research focused on three independent variables expected to affect to Leverage, Regional Dependence Level and Regional Independence. The data used are secondary data from the District Government, the city and Province. The population in this research is the local government in Java in the period of 2013. Total areas under investigation is 112 areas which taken using purposive sampling method. Researchers using quantitative analysis with multiple linear regression analysis test. The results of this study Leverage and Regional Dependence Level does not affect on the internet local government financial statements disclosure while Regional Independence Level have significantly affect to dependence variable. Result of this study will be of interest to Public, Local Government, and Academics.

Keywords: leverage, regional dependency rate, regional independence rate, internet local financial statements disclosure.

1. INTRODUCTION

Local Government as a party to run development activities, services, and government to the public are required to be able to bring transparency and accountability to financial management to create public affairs governance (good governance). In the era of globalization and the change of financial reform to the government sector in Indonesia is now an increasing demand transparency. One of the underlying namely Law of the Republic of Indonesia Number 14 of 2008 on Public Information, in this case set the whole range of public officials should be more transparent, accountable and more oriented to community service good.

In addition, the two government regulation of the Minister of Communication and Information Technology Regulation No. 28 / Per / M.Kominfo / 9/2006 and Government Regulation of the Republic of Indonesia Number 56 of 2005, as amended by the Indonesian Government Regulation Number 65 Year 2010 concerning Regional Financial Information System , both of these regulations explains that each local government is obliged to create a web site that contains a complete feature transparency of financial statements and information which can be viewed by the entire public at large with the issuance of the regulations Act No. 14 of2008 on Public Information. From the regulation the local government should reported financial results respective regions - each to the public as a form of information transparency and social responsibility.

Therefore, the local government should be seeing the role of the internet to achieve better governance. Local government websites can be used as one means to deliver accountability for implementing the budget and local governments to the public. According Laswad (2005) said that research conducted in several countries have shown, one form of transparency and accountability of local governments conducted by publishing financial reports via the Internet. Some research on voluntary disclosure in the
public sector such research by Puspita and Martani (2012) showed that the level of dependence, the size of the local government, the complexity of government influence on the level of disclosure and quality of information on the local government website, while the ratio of local independence and expenditure has an influence on the level of disclosure and quality of information in the local government website. Another study conducted by Trisnawati and Ahmad (2014) shows that political competition, the size of local government and regional wealth effect on publication of financial reports through the Internet, while the government and the type of audit opinion proved to have no effect on the publication of the financial statements of local governments over the internet. Different things found in a study conducted by Hudoyo and Mahmud (2014) in terms of regional assets, the study shows that wealth does not affect the local financial statement disclosure on the Internet by the local government. Hudoyo also found that the leverage does not affect the financial statements on the Internet by the local government. In contrast to research conducted by Sutaryo, Aditya and Agus (2013) who found that the leverage and wealth affect the determinants internet area local government financial reporting in Indonesia.

Research conducted by Afryansyah and Haryanto (2013) found that the factors of population, the level of investment, regional wealth and political competition has an influence on the disclosure of information on the Internet by the local government. On the basis of no consistency, then further research is needed to be able to add the reference. So researchers interested in conducting further research on the disclosure of financial statements of local governments through the internet is affected by leverage, dependence level regional and local level of independence.

2. EXTENTION-RULE BASED THEOREM

Disclosure of Financial Statement of Local Government

Based on the Law of the Republic of Indonesia Number 14 of 2008 on Public Information that public sector officials to be more transparent and accountable. That is, namely, voluntary financial reporting should be an advantage, especially to its stakeholders namely society. Disclosure of financial statements is the responsibility of an entity on the operational activities of the entity, in this case the local government financial reporting into its object. Proxy used in measuring the dependent variable is by using the 19 scoring index developed by Garcia (2010) and Afryansyah and Haryanto (2013). This scoring will have a minimum value of 0 and a maximum value of 1.

Leverage

Sinaga and Prabowo in Trisnawati and Ahmad (2014) explains that leverage indicates the extent to which local governments use the borrowed funds to finance its assets. In studies that used proxy for measuring leverage local governments use debt to equity ratio. Limpo, Marina, Rudi dan Daril (2013) explains that the greater the leverage a local government, the greater the dependence of local governments on the outside because of the greater part of local government debt, the lower the financial performance of the local government. Their heavy reliance for local government then allows for the central government in restricting the operation of local government and ask for more disclosure in the context of monitoring the performance of local governments with the operating restrictions.

Regional Dependence Level

A high level of local dependence on central government funding sources will have pressure to disclosure more information (Martani and Liestiani 2012). The greater the level of dependency the more encouraging governments to improve disclosing the financial statements as a form of management, because the source of funds from external parties. Research conducted by Robbin and Austins (1986) and the Martani and Liestiani (2012) showed that the degree of dependence of the region have an influence on the disclosure of financial statements of local governments over the internet. The level of dependence of the extent to which the region is an indication of the extent of disclosure of the area carried out (Puspita and Martani, 2012). The level of regional dependency is the ratio between the total realization of the Funds Transfer revenue budget (Mahmudi 2010 and Puspita and Martani, 2014).

Regional Independence Level

The level of local autonomy is the ability of a local government in operational running without using Fund Balance of the Central Government (Setyaningrum and Syafitri, 2012). The higher this ratio means indicates that the level of regional dependency on external funding sources is getting low. This ratio also describes the level of community participation in paying local taxes. The higher this ratio, the higher the participation of the community in paying taxes and the higher the demands participation on disclosure and financial reporting (Dwiandra in Setyaningrum and Syafitri, 2012). Research by Lesmana (2008) showed that the degree of independence of the region have an influence on the level of local government financial statement disclosure. Thus, the higher the ratio of local financial independence, then the government will tend more disclosure of financial statements of local
governments over the internet. The level of independence of the region demonstrated the ability of local governments to finance its own activities of governance, development and service to the community (Dwiandra, 2008). Lesmana (2010) and Setyaningrum and Syaffitri (2012) using the proxy comparison of regional revenue compared with the amount of transfer income and liabilities

In this research, would be tested with three hypothesis : 
H1 : Leverage affect to Disclosure Financial Statement of Local Government.
H2 : Regional Dependence Level affect to Disclosure Financial Statement of Local Government.
H3 : Regional Independence Level affect to Disclosure Financial statement of local government.

3. RESEARCH METHODOLOGY

Based on the objectives of this research, the research method used is the quantitative method with causal approach to prove the existence of influence between Leverage (X1), Regional Dependence Level (X2), Regional Independence Level (X3) to Disclosure Financial Statement of Local Government (Y) on Local Government on the island of Java Indonesia.

Types and Sources of Data

In this research, the data is divided into two categories, namely data for the dependent variable and the data for the independent variable. The dependent variable data is data of Disclosure Financial Statement of Local Government, where as the independent data is Leverage, Regional Dependence level and Regional Independence level data.

The data in this research uses secondary data sourced the financial statements of local governments on the island of Java in 2013 in this case can be obtained from the BPK.

Populationand Sample

The population in this research is the local government in Java in the period of 2013. This research used purposive sampling to select the sample of the population. Therefore, the researcher conducted the selection in accordance with predetermined criteria of the existing population.

With the criteria as follows:
1. The District Government, the city and Province on the island of Java in 2013.
2. The Local Government has financial statements that has been audited by BPK RI.
3. Local Government has on official website and can be accessed in this case means not an underdeveloped area
4. The local government has not been put its website updated of December 31, 2013

Based on the above criteria, sample deemed valid for criteria are 112 local government in Java.

Data Analysis

The first test conducted in this research is descriptive statistical tests. These descriptive statistical tests intended to determine the distribution of research data. Tests performed include finding the mean, maximum and minimum value of research data. Furthermore using the assumptions of classical test before testing the hypothesis using multiple regression analysis.

4. RESULT AND DISCUSSION

Descriptive statistics of 112 local government observations sample in Java, the study can be seen from the following table:

<table>
<thead>
<tr>
<th>Table 1 Descriptive Statistics</th>
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</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>DWEB (Y)</td>
</tr>
<tr>
<td>L(X1)</td>
</tr>
<tr>
<td>Depend (X2)</td>
</tr>
<tr>
<td>Ind (X3)</td>
</tr>
</tbody>
</table>

From Table 1 can be explained the data associated with the research. And based on the table, can be presented descriptive statistics of variables throughout the observation period with the following variables:

1. Local Government Disclosure of Financial Statements (DWEB)
The minimum value for the variable local government disclosure of financial statements via the Internet amounted to 0.0606 in this case carried out by the Sumedang District. The maximum value of 0.8182 obtained Pekalongan District and the city of Surabaya. As for value - average local government disclosure of financial statements via the Internet by 0.416135.

2. Leverage (L)
Leverage variables has an average 0.004962 with a minimum value of 0.000001 which in this case is owned by three areas, among others, Boyolali, Sampang district and the city of Tangerang. The maximum value of the variable leverage amounted to 0.0278 in this case obtained Bangkalan.

3. Level of Regional Dependency (Depend)
A variable level of regional dependency descriptive statistical analysis of the results has a minimum value of 0.1534 is obtained West Java Province. The maximum value obtained was 0.8297 in this case is owned by the District of Sumedang. As for value - average variable rate of dependency area of 0.627519

4. Level of Regional Autonomy (Ind)
Variable levels of regional autonomy has a minimum
value of 0.0241 in this case obtained Brebes. As for the maximum value of 3.4991 obtained West Java Province. Value - average variable rate of the region's autonomy was at 0.37912.

Table 2: Test of Hypothesis

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>L (X1)</td>
<td>-1.746</td>
<td>.084</td>
</tr>
<tr>
<td>Depend (X2)</td>
<td>.558</td>
<td>.578</td>
</tr>
<tr>
<td>Ind (X3)</td>
<td>2.147</td>
<td>.034</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.118</td>
<td>-</td>
</tr>
<tr>
<td>R Square</td>
<td>.093</td>
<td>-</td>
</tr>
<tr>
<td>F</td>
<td>4.809</td>
<td>.003</td>
</tr>
</tbody>
</table>

From table 2, t-test, can analysis as follow:

1. The first hypothesis is states that the variables Leverage affect to Disclosure Financial Statement of Local Government rejected. It means no leverage and no significant effect on the disclosure of financial statements of local governments over the internet. Leverage regression results contained in the above table do not cause a decrease in leverage effect which is great for the disclosure of financial statements through internet. This research is in line with that made by Hudoyo and Mahmud (2014), the study proves that no leverage and no significant influence on the disclosure report local government finances via the internet. The study states that the debt is not a major component in the funding of local government operations, so that the level of leverage is not taken into account by the government in order disclosure of financial statements of local governments over the internet.

2. The second hypothesis is which states that the variables Regional Dependence Level affect to Disclosure Financial Statement of Local Government, rejected. The second hypothesis is rejected means that the level of dependency is not local and not significant effect on the disclosure report local government finances via the internet. This research is in line with that made by Mahmudi (2010), these studies prove that the degree of dependence of the area does not have influence on the disclosure of financial statements of local governments. Mahmudi explained in a decentralized central and local government relations are not too tight so as not No special monitoring of local government financial reporting by the central government.

3. The third hypothesis is which states that the variable Regional Independence Level affect to Disclosure Financial Statement of Local Government, accepted. The third hypothesis is accepted means affect the level of independence of local government disclosure of financial statements via the internet. This study investigated different from the results by Setyaningrum and Syafitri (2012) and Puspita and Martani (2012). The difference in the results due to a proxy in calculating the dependent variable in different studies with previous studies. From these results known that the higher the level of independence of the region, the higher the level of disclosure of financial statements of local governments over the internet. The local government can disclosure to the public when a high degree of independence of its area, it shows that the area has a low level of dependence on the central government.

Based on the above table 2, it can be concluded that the variable leverage, Regional Dependence level and Regional Independence level simultaneously affect to Disclosure Financial Statement of Local Government. It can be seen from the calculated with a statistical significance level test F 0.030 (significance <0.05). This research show Independence variable simultaneous affect and significant to Disclosure Financial Statement of Local Government over the internet.

From table 2, the result of Coefficient of Determination from adjusted R2 value from dependence variables is 0.118. It means, in this research 11.8% from Disclosure Financial Statement of Local Government with internet affect with independents variable are Leverage, Regional dependence variable and Regional Independence. The other Variables can explained with 89.2% did not include with this research.

5. CONCLUSIONS

The results showed that the quantitative leverage does not have significant influence on internet local government financial statements disclosure. Leverage is not a major component in the funding of the financial needs of local governments, in addition to the local government level is very low leverage, so that local governments tend not to do the disclosure of financial statements of local governments over the internet. The results showed that the quantitative level of dependence of the area does not have a significant impact on internet local government financial statements disclosure. Neither the size of the level of dependency of local governments to the central government, local governments are not able to encourage the disclosure of financial statements of local governments.
The results showed that the quantitative level of independence of the region has a significant positive effect on internet local government financial statements disclosure. A high level of local autonomy to encourage local governments disclosure of financial statements via the internet and showed to the people that a low level of dependence region.

The research sample used areas are located in Java, without putting other areas on the island located in Indonesia. In a subsequent study is expected to increase the number of samples of local governments in order to represent all regions in Indonesia. The length of time the observations made only 1 (one) year is the year 2013. Due to the time used only 1 (one) year, then the power comparability and generalizations tend to be small. In a subsequent study is expected to increase the time of observation that can be used to compare the results between periods. This study only tested three (3) independent variables which allegedly had an influence on internet local government financial statements disclosure. In a subsequent study is expected to replace or supplement other independent variables such as the type of government, per capita income, political competition, and press visibility.

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