

Political environment in the effect of the regional government financial performance on disclosure of financial information on website

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ABSTRACT

This study aims to analyze the effect of financial performance of local governments towards the disclosure compliance of financial information on the website, as well as the political environment as a moderating variable for the effect of the financial performance of local governments towards disclosure compliance of financial information on the website. The study was conducted at the local government in Sulawesi with the sample consisting of 53 governments. The data were analyzed by partial least square (PLS). The results showed that good financial performance of local governments can encourage disclosure compliance of financial information on the website. This study also found that the political environment cannot moderate the effect of the financial performance towards the disclosure compliance of financial information on the website. This is due to the people who are interested more in paper-based reporting. The implication of this study was to encourage related research as well as encouraging local governments to use website as a media for financial information reporting. Gorontalo district government is local government, which has excellent financial performance with complete disclosure of financial information on the website.

ABSTRAK

Penelitian ini bertujuan mengetahui pengaruh kinerja keuangan pemerintah daerah terhadap kepatuhan pengungkapan informasi keuangan pada website, serta moderasi dari lingkungan politik terhadap pengaruh kinerja keuangan pemerintah daerah terhadap kepatuhan pengungkapan informasi keuangan di website. Penelitian dilakukan pada pemerintah daerah di Sulawesi dengan 53 pemerintah daerah sebagai sampel. Data yang dikumpulkan dianalisis menggunakan partial least square (PLS). Hasil penelitian menunjukkan bahwa kinerja keuangan yang baik dapat mendorong kepatuhan pengungkapan informasi keuangan di website. Studi ini juga menemukan bahwa lingkungan politik tidak dapat memoderasi pengaruh kinerja keuangan terhadap kepatuhan pengungkapan informasi keuangan di website. Hal ini disebabkan oleh masyarakat yang lebih tertarik dalam pelaporan yang berbasis kertas. Implikasi penelitian ini adalah untuk mendorong penelitian terkait dan mendorong penggunaan website sebagai media pelaporan informasi keuangan pada pemerintah daerah. Pemerintah kabupaten Gorontalo merupakan pemerintah daerah yang memiliki kinerja keuangan paling baik dengan pengungkapan informasi keuangan yang lengkap di website.

1. INTRODUCTION

The Presidential Instruction (Inpres) No. 3, 2003 initiated the development of a website by the local government. For example, it was President Megawati who also obliged local governments in Indonesia to build a web site in order to increase public transparency. Act No. 14 Year 2008 regarding pub-

lic disclosure, also regulates the obligation for every public institution for providing regular public information. Therefore, the publication of the results of financial management is specifically stipulated in Regulation 13 of 2006, that financial statements have been audited is obligatory to be published (Article 302).

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The website chosen as a medium for the publication of financial information has several advantages. It is a tool which can support the delivery of a wide variety of information to the public efficiently. Besides that, the website also affects the communicative aspect of financial reporting. By using this media, government can provide an ease of access through internet, make an electronic accounting data also accessible anytime-anywhere (Xiao et al. 2005). In addition, the internet also allows two-way communication (Andriani 2010). The most advantageous if that internet media can back-up the area of financial management accountability by local governments so that it tends to be more effective and efficient

The Ministry of Home Affairs issued its decree or Instruction No. 188.52/1797/SJ in 2012 on improving the transparency of local budget management. Through this instruction, the head of each region is required to prepare the content menu "Transparency Budget Management Region" or TPAD (Transparansi Pengelolaan Anggaran Daerah) in each local government website. This website contains the most recent data on RKA SKPD and PPKD, ran-budget legislation and amendments, the budget legislation and amendments, summary DPA SKPD and PPKD, LRA SKPD and PPKD, and LKPD audited by BPK accompanied by an opinion on LKPD. This Regulation started to have its force in May 2012 and no later than its application on July 31, 2012.

The initial survey has been conducted on the local government website in Sulawesi. So far, the government website that provides content of management transparency of the local budget is only 12 websites of a total of 79 local governments in Sulawesi. This fact shows that the government of provinces, cities, and districts, in Sulawesi, largely, has not complied with the mentioned regulation that the publication of financial information on the website is a must (initial survey conducted in October 2013).

Based on the above evidence, the researchers concluded that, the majority of local governments in Sulawesi have not paid more attention to the issue of transparency, because they have not disclosed financial management accountability on the website, though the regulation has been stipulated. This phenomenon attract the researcher to conduct a study to see the gap between the expectations of people who want transparency in the regional government financial management and the fact that the government has not fully committed to carrying out the mandate of the law No. 14 of 2008 that is

they have to manage and provide quality information in order to achieve transparency in the local government financial management.

According to Dowling and Pfeffer (1975), the organization's activities should be in accordance with the value of the social environment. The social legitimacy can be obtained if the organization's activities in are all complied with the society's expectations and reflect the value of the social environment. Therefore, any organization must be able to communicate the suitability of their value by performing various ways of disclosure. For example, a disclosure of financial information on the website can be used as an alternative method of reporting. Thus, government organizations can also use the disclosure of financial information on the website to show the government's commitment to accountable and transparent.

Barber and Sen (1984) argued that the elected regional head of a local government in its high political competition is more vulnerable to criticism from political rivals. Thus, the regional head office will tend to choose the method of reporting such extensive disclosure on the website as a step to gain legitimacy from the people. This argument is supported by studies Jorge, et al. (2011); Garcia and Garcia (2010); and Alvarez, et al. (2010) in which the found that the government that has a good performance will be in vain if the political rivalry within the government is too high. Political opponents only will proclaim the negative things that will harm the local leaders of the ruling. However, this may encourage the government to do more extensive disclosure to the public. For that reason, the government must have a good performance however, in a favorable political environment; they have to provide disclosure of financial information on the website.

So far, there has no strict punishment to local governments that do not abide by the laws and regulations regarding the disclosure of financial information on the website. The proof is on the Minister of Home Affairs Instruction No. 188-52/1797/SJ in 2012 in which it did not include sanctions for governments that do not carry out those instructions. Therefore, the researchers were motivated to investigate as to whether the financial performance of local governments can affect the compliance of disclosure of financial information on the website, as well as to analyze the political environment as a moderating variable against the effects of the financial performance of local governments in compliance towards the disclosure of financial information on the website.

The researchers are convinced that this study can explain the relevance of financial performance, compliance with the disclosure of financial information on the website and the political environment with the theory of legitimacy. Thus, it can also provide an overview of the mechanism of social legitimacy that has occurred in the community in relation to compliance with the disclosure of financial information on government websites.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Theoretical Framework

Legitimacy Theory

Chariri and Ghozali (2007) define the theory of legitimacy as a condition that exists when the value system of the organization is in line with the social value system where an organization is part of the social environment. The organization will seek to create each activity in harmony with the social norms of the community where the organization is located. During the work program and action of the organization are aligned, the existence and activities of the organization can be called legitimate. In reference to Parsons' thinking (1961), the organization can be said to be legitimated as far as the organization's activities are in conformity with the purpose of the larger social system. When organizations are in a higher social system and organizations utilize the resources of the social environment where they work, all the resource utilization should be accepted as the legitimacy of the larger or wider social system larger or wider

Dowling and Pfeffer (1975) asserted that a theory of legitimacy is based on the social contract that occurs between organizations or companies and communities, in which, these organizations use public economic resources. If there is a difference between the values of the organization and the social values of society, the legitimacy of the organization is threatened. This value difference is often called the legitimacy gap that may affect the organization's ability to continue its activities. Dowling and Pfeffer also noted that legitimacy can be a dynamic obstacle that organizations have to adapt to and as social values that determine the legitimacy of change.

The Compliance of Local Government's Financial Disclosure in Website

The disclosure of financial information on websites is commonly called the Internet Financial Reporting (IFR). IFR is the distribution of the company's financial information and performance information

using internet technologies such as the World Wide Web. In this case, the website can be used freely by the local government to provide information about the financial performance and financial information that is deemed necessary for the stakeholders. It can also be used for updating the data at any time, introducing regional superiority and so on. Based on the observation, each local government website can provide an online chat feature that allows users to communicate directly with the local governments. Therefore, the disclosure of financial information by using the Internet media can also increase the quantity of disclosure of financial information. This condition can eventually increase transparency and reduce the problem of information asymmetry (Mardiati 2011).

This research focuses on the compliance of local governments on the disclosure of financial information on the website. It is known that the Minister of Home Affairs has issued instructions No. 188-52/1797SJ in 2012, requiring every local government budget management transparency to reveal the local government financial reporting on the website.

The Hypothesis Development

Financial performance is a measure of the success of local government in managing their administration. In addition, a good performance means the governments successfully manage the government well. The local governments that have good financial performance will attempt to comply with the regulations concerning their disclosure. The local governments that have good performance also will spread good news to the public as quickly and widely as possible. Evidence was provided by the previous research by Suhardjanto and Lesmana (2010) that examined the relationship between the government's financial performance and the level of disclosure in LKPD. The results showed that the degree of local government autonomy has a positive influence disclosure of local governments in LKPD.

A research by Puspita and Martani (2012) analyzed the financial performance and its influence on the disclosure and quality of information on the website. It showed that the performance of local governments does not affect the disclosure of financial information on the website. This is on the contrary to the research by Laswad et al. (2005) stating that there is an effect of the performance of local government financial on the reporting internet. Puspita and Martani (2012) describe the cause of differences in the results of this research is possi-

Table 1
Procedure of Sample Selection

| Phases of Sample Elimination | Total |
|---|-------|
| Number of Local Governments in Sulawesi | 79 |
| Website cannot be accessed, maintenance, etc. | (8) |
| LKPD 2013 have not been published | (9) |
| LKPD format of Home Affairs Ministry Regulation | (9) |
| Samples | 53 |

ble because the use of a wider disclosure index that causes the differences in the results of Laswad et al. (2005).

In reference to the above theoretical arguments, however, it can be stated that the financial performance of local governments can affect the compliance of disclosure of financial information on the website (IFR).

H1 : The financial performance affects compliance disclosure of financial information on the website (IFR).

A political environment greatly affects the local governance. Therefore, an unfavorable political environment, which means that local leaders supported by a minority party in the council, will be pushed to comply with regulations, including compliance with the disclosure of financial information on the website in order to gain legitimacy for his government's performance. Garcia and Garcia (2010) argue that the head of local governments can ignore the election promises that have been made without written consequences. The politicians with their power may give priority to goals that benefit the group. This behavior can be minimized and controlled if opposition parties effectively oversee government. Political opponents will be quick to inform any irregularities in the actions of the ruling party that does not comply with promises made during elections. As a result, the government tends to keep their promises for realizing them all and therefore, being continuously trusted by the public and reelected in the next election.

According to Garcia and Garcia (2010), a greater effort should be made by local government to gain public legitimacy if the level of political competition in the region is high. Therefore, they need a communication strategy that must be done to resolve the issue. Local government heads that consistently fulfill election promises and run a good government management will be greatly harmed by negative coverage of his political opponents. Therefore, government heads should use all means available to communicate the performance of government in society. According Laswad et al. (2005), the disclosure of financial performance using the

website is considered the most effective measure for reporting information.

Several studies have found a positive relationship between the political environments and the public disclosure of financial information. It is due to the condition that political leaders are looking for ways to gain more votes by trying to meet the needs of as many voters as possible. Hence, the increasingly competitive political environment, the more incentives will be issued to communicate to the public that is the legitimacy which will be the performance of good governance, including through the disclosure of financial information on the website (Perez et al. 2008).

Based on the above arguments, this study suspects that environmental factors can strengthen the political influence of the financial performance of local governments in compliance with the disclosure of financial information on the website if the regional government heads have minority party supporters.

H2: The political environment can moderate the effect of the financial performance of local governments towards compliance with the disclosure of financial information on the website (IFR).

3. RESEARCH METHOD

The population in this study covers all local governments of the provincial government, city and local governments on the island of Sulawesi. The total local governments on the island of Sulawesi are 79 local governments. This sample selection was done by using criteria of sampling purposive towards the governments that have a website and can be accessed, and the LKPD 2013 is available, LKPD in SAP format, as well as the local governments to provide the data used in this study are complete for all variables. The final sample of this study is 53 local governments as in Table 1.

The dependent variable is the compliance of disclosure of financial information on the website (IFR). This variable was measured by calculating the scoring list index that measures the compliance of local government in providing financial information on the website. It is based on the regulation of

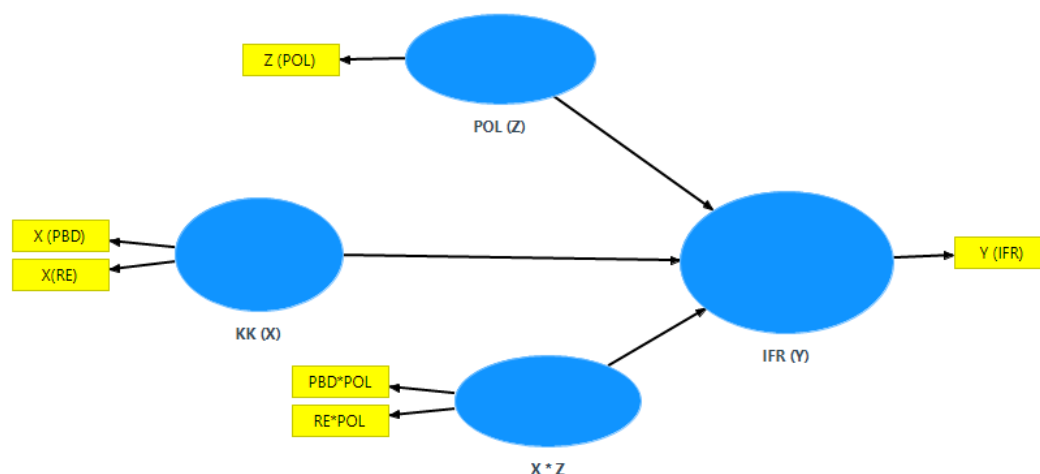


Figure 1
Research Path Model

Source: PLS.

the instruction by the Ministry of Home Affairs No. 188-52/1797/SJ in 2012 (see Table 2). Point 0 is awarded to websites that do not provide the required content, point 1 to the availability but the content cannot be downloaded, as well as point 2 is given for each content data that can be downloaded as well as the correct data that is available.

The independent variable is the financial performance (KK) where the reflective indicator is the ratio of the absorption of the absorption of the local budget (PBD) and the ratio of effectiveness (RE). The moderating variable is the political environment (POL) measured using a nominal scale or dummy. Point 0 means the head of the region supported by the majority party in Parliament, and points 1 when the head of the region is supported by a minority party. This research was analyzed by using a Partial Least Square (PLS). PLS is valid being optimal for the accuracy of predicting a model and does not require the assumption of the distribution of the data (Ghozali 2008: 5). All can be shown in Figure 1.

The testing process was conducted on the inner test model consisting of validity test (measuring how closely a measuring tool is used on the target) and reliability testing (measuring the consistency of measurement tools), and testing the outer model of determination coefficient and hypothesis testing. The degree of confidence level is 90%. This 90% confidence level was chosen because the research on the disclosure of financial information on the website is very vulnerable to high fault. Research by Perez et al. (2008), Laswad et al. (2005) and Garcia and Garcia (2010) was an example of research on the disclosure of financial information on a website that uses a significance level of 10%.

4. DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

The average compliance of disclosure of financial information on government websites during the observation period 2013 - 2014 is 0.21 (see Table 3). It is an average of the local government in Sulawesi disclosure of financial information on the website. It is 21% of the items disclosures required by the Ministry of the Home Affairs on the Minister of Home Affairs Instruction No. 188-52/1797/SJ in 2012. The standard deviation is greater than the value which is on average of 30% indicating that there is a gap in the data distribution between ratios of disclosure of financial information on the website of the lowest and highest.

The average ratio of the absorption of the local budget is 0.96 with a standard deviation of 0.07. Local budget absorption ratio is close to 1 which means the regional budget is absorbed quite well with the spread of good data. The average effectiveness ratio is 1.22 with a standard deviation of 0.31. Thus, the government can be said to be effective in the collection of revenue when effectiveness ratio reaches 1. In a sample of local governments in the Sulawesi, it can be said the average local government has been effective in the collection of revenue. Political environment variable is with an average of 0.91 and a standard deviation of 0.30. From these results, it can be said that the average head of local governments in Sulawesi is supported by a minority party

Validity Testing

The validity testing of the data is done to see the extent of measuring instruments really measure what to be measured or how carefully a measuring

Table 2
Scoring Index Based on Instruction of
Home Affairs Ministry of RI

| Tools of Presentation | Scale |
|--------------------------------|-------|
| Content of Transparency | 0/1 |
| Summary of RKA SKPD | 0/1/2 |
| Summary of RKA PPKD | 0/1/2 |
| Budget-Plan Change of APBD | 0/1/2 |
| Budget-Plan Change of APBD | 0/1/2 |
| Regional Gov. regulation APBD | 0/1/2 |
| Regional Gov. Reg Changes APBD | 0/1/2 |
| Summary of DPA SKPD | 0/1/2 |
| Summary of DPA PPKD | 0/1/2 |
| (LRA) SKPD | 0/1/2 |
| (LRA) PPKD | 0/1/2 |
| LKPD Audited | 0/1/2 |
| Opinion | 0/1/2 |
| Total | 25 |

Note:

LRA= Budget- Realisation Report

RKA= Working Budget Plan

LRA= Budget- Plan Report

SKPD= Regional- Governemnt Working Unit

LKPD= Regional-Government Working Report

PPKD= The Government-Officials for Regional Government Budget Management

LKPD= Financial report of Regional Government

APBD= Regional-Income Budget

Source: Intrstution by Home Affairs Minister RI Nomor 188-52/1797/SJ th. 2012

tool that is used on target. One way to look at the validity of the data is to look at the numbers Average Variance Extracted (AVE). Value of the validity can be said to be very good if it is higher than 0.5 AVE. Testing the validity is done by looking at the value AVE that shows all the variables in this study are in a good validity, thus, allowing for further testing.

Reliability Testing

The consistency of reliability test involves measuring instrument. This measurement should be stable, reliable, and predictable, so that the instruments have a high reliability or trustworthy. Reliability testing can be done by looking at the results of the analysis of Composite Reliability. The degree of the data reliability can be said to be good if the value of Composite Reliability is higher than or equal to 0.7. The reliability of composite value can be concluded that the reliability of the data in this study is quite good (see Table 4).

Hypothesis Testing

The results of hypothesis testing for the variables influence of the financial performance of local gov-

ernments towards compliance of financial information disclosure on the website of the local government and the influence of financial performance against the compliance of disclosure of financial information on the website that is moderated by the political environment. It can be seen from the test of path coefficients. This testing was done by using the application of SmartPLS 3. Results of hypothesis testing can be seen in Table 5. The coefficient of determination of 0.035 means that compliance with the disclosure of financial information on the local government website (IFR) can be explained by the variable of the performance of the financial and political environment that is 3.5%

Table 5 describes the results of hypothesis testing in which it shows that the financial performance affects compliance disclosure of financial information on the website of the local government. However, this study found that the political environment is not able to moderate the effect of the financial performance towards the compliance of disclosure of financial information on the website of the local government. The political environment does not affect the compliance of disclosure website.

Discussion

Financial performance is used to measure the success of local government in managing finances. For example, a good financial performance of the local government can define that the government successfully manage the administration well. The success of the local government is a differentiating signal between the local government and other local governments that have good performance and the less ones. Thus, the local governments that have performed well will try to reveal the successful management of financial and spread the message as widely as possible. The financial information disclosure on websites is selected as one way to achieve this goal.

The results support the hypothesis that has been compiled (H1). The better the financial performance of a local government is, the more increasingly the obedience of the local government in doing the disclosure of financial information on its official website. The results also support research by Lesmana and Suhardjanto (2010) and Laswad et al. (2005). Suhardjanto and Lesmana (2010) revealed that the financial performance of the local government can not be separated from public participation in the payment of taxes and levies. Abiding people who pay taxes will be more likely to oversee the performance of the local government, so that this condition makes the local governments undertake the widest disclosure including disclose financial information on the website. By doing so, they can achieve the transparency of financial management.

Laswad et al. (2005) revealed that the financial performance of local governments is both more likely to be involved in the disclosure of financial information on the website of the local government with other poor financial performance. Good financial performance can be pushed to the non-disclosure of financial information on the website because it is a signal of the achievement by local government good financial management. Thus, they should be widely publicized to the communities.

The results showed that the provincial government of Central Sulawesi, the local government of Soppeng, the local government of Banggai, the city of Kendari and Palopo, the provincial government of Gorontalo, the local government of Bone Bolango, Gorontalo, and Polewali Mandar are all the local governments with their good financial performance disclosure of financial information on the website with the disclosure degree above 50%. Another finding of this study is the provincial government and municipal governments were more

Table 3
Descriptive Statistics of Research Variables

| Variabel | Mean | Standar Deviation |
|----------|------|-------------------|
| IFR (Y) | 0.21 | 0.30 |
| PBD (X) | 0.96 | 0.07 |
| RE (X) | 1.22 | 0.31 |
| POL (Z) | 0.91 | 0.30 |

Source: Primary Data.

Table 4
Composite Reliability

| Composite Reliability | |
|-----------------------|-------|
| IFR (Y) | 1.000 |
| KK (X) | 0.736 |
| POL (Z) | 1.000 |
| KK*POL (X*Z) | 0.950 |

Source: Test Result of PLS.

Table 5
Results of Path Analysis Coefficient

| | Coef. | P values | Status |
|-----------------------|--------|----------|--------|
| KK(X) -> IFR(Y) | 0.154 | 0.060 | Sig. |
| POL(Z) -> IFR(Y) | -0.018 | 0.485 | Insig. |
| KK*POL(X*Z) -> IFR(Y) | -0.119 | 0.402 | Insig. |

R2 = 0,035

α = 10%

Source: Test Results of PLS.

likely to provide financial information on the website of the district administration. This fact supports research Yu (2010) to the Chinese government which provincial governments tend to disclose more financial information on the website of the local or county governments.

The results of this study cannot prove that the political environment can moderate the effects of the financial performance of the compliance of disclosure of financial information on government websites. The political environment does not either affect directly the compliance and the disclosure of financial information on the website. Local governments have a good financial performance and competitive political environment (supported by a minority party), not necessarily choose to disclose information on the financial performance of the website. The results support that by Laswad et al. (2005) and Perez et al. (2008). For example, Laswad et al. (2005) found that political heads do not see that the disclosures in the website can be used as

the best means to practice the method of reporting. Based on the results of the study by Laswad et al. (2005), the greater the intensity of political competition is, the smaller the tendency of local governments to use the internet as a means of reporting financial information. According to Perez et al. (2008) the number of political competition did not press the entities to disclose financial information on the website. This is caused by the people who are still interested more in the paper-based reporting on the disclosure of financial information rather than through a website. Disclosure of financial information by paper-based reporting plays a key role in disclosing financial information by governments in the website. As a result, local politicians have not seen the disclosure of financial information on the website as the main way to gain public legitimacy.

According to Dowling and Pfeffer (1975), legitimacy is a constraint, but is a dynamic constraint as organizations to adapt to their social values. This study is posited in this case. The disclosure of financial information on the website is not seen as the way to obtain legitimacy for government management performance (although the political environment to encourage government organizations to do so) because the government is interested more in a social environment with a paper-based reporting. Therefore, the local governments adapt to the needs of the social environment.

The results of this research are proved by the local governments that have good financial performance, a low level of political competition, but the disclosure of financial information on the website is quite good. The local governments are Kendari municipal government and local government of Gorontalo. For example, Kendari municipal government has a 92% budget absorption and effectiveness of revenue collection by 114%. Kendari mayor is supported by the majority party, so according to the hypothesis (provisional estimates), Kendari city government does not have sufficient impetus to make disclosure of financial information on the website. It is due to the political environment that is not competitive (minority opposition party). In fact, the local government of Kendari disclosure of financial information on its website is by 68%.

Of the 53 local governments studied, 5 of which have political competition that is low (the remaining 48 have political high competition that means they are supported by a minority party) because it is supported by the majority of major parties such as the heads of the local government of

Buol, regional head Bantaeng local government, Gowa local government, head of Kendari city regional and of district Gorontalo. Of the 5 local governments, the head of the Gowa regency H. Ichsan Yasin Limpo, SH, MH, who received the greatest support of the electoral party, that is the largest among the other samples up to 68%. Gowa regency government has a number of local budget absorption of 100% and the effectiveness of revenue collection amounted to 137%, but did not do the disclosure of financial information on the website. A total of 48 samples of local governments in Sulawesi with political competition are quite high, 93% of which compliance with the disclosure of financial information on its website is less. There is even a government that is not at all doing the disclosure of financial information on the website.

This study was previously assumed that local governments, that have good performance but competitive political environment, will disclose their financial information on the website to gain public legitimacy of their performance. However, the finding of this study is different. A total of 48 samples of local governments in Sulawesi with political competition are quite high, 81% of whom compliance with the disclosure of financial information on its website is less. In addition, there is even a government that is not at all doing the disclosure of financial information on the website. Furthermore, the high political competition does not make local governments seek legitimacy with the public disclosure in the financial information website. According to Perez et al. (2008), this is possible because the government is interested more in the stakeholders with financial information that is based on a paper (paper-based reporting) compared to Internet-based financial information. For that reason, the governments do not know yet the use of the website as a means of proper reporting of financial information. However, this needs to be studied further.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

The compliance degree of disclosure of financial information on the website (IFR) by the local governments in Sulawesi is still relatively low. Besides that, the dissemination of financial information disclosure on government websites Sulawesi is also uneven. For example, some local governments disclose all the required publication content as based on the Ministry regulation, but more local governments' disclosure of financial information on its website less. This indicates the low attention by the

local government in the use of websites as media for publicity and transparency of financial management. All these indicate that the financial performance affects the compliance disclosure of financial information on the website of the local government, which means a good financial performance could encourage local governments' disclosure of financial information on its official website.

This study also found that the political environment does not successfully moderate the effect of the financial performance of local governments towards the compliance of the disclosure of financial information on the website. Local governments have good financial performance but have a competitive political environment, not necessarily choose express their public financial management achievement in website. This was probably due to the public that is still interested more in the paper-based reporting on the disclosure of financial information via the website. For that reason, the local politicians could not see that the disclosure on the website is the main way to gain public legitimacy.

The results could explain the relevance of compliance of the disclosure of financial information on the website, the financial performance of local governments and political environment with the theory of legitimacy. In practice, the local governments in Sulawesi have not yet seen the use of the Internet as a medium for the publication of information governance is the right choice. This is evidenced by the results of a study that found the level of disclosure of financial information on the website that is still very low and not evenly distributed between the local government and other local governments. The local government of Gorontalo can be used as an example by other local governments in the disclosure of financial information on the website. Gorontalo local government has a good financial performance and disclosure of financial information on its website that is complete and neat as required by the Minister regulation although the head of the region is supported by the majority party but the passion to realize the local financial transparency is still maintained.

This study used only one-year observation. For that reason, further research should investigate by increasing the disclosure compliance in a longer period. The financial performance measurement is also one of the limitations in this study. Future studies may consider adding other financial performance measures more comprehensively. The R2 is Low and therefore, it indicates the number of other variables that affect compliance of the disclosure of financial information on government websites. It is

advisable to explore the variable behavior of the community and household internet access, in order to get the community feedback and the availability of financial information on government website.

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