



Incumbents' re-election incentives and financial report disclosure in Indonesian local government

Retno Yuliati^{1*}, Athalia Ariati Hidayat¹, and Taufik Raharjo²

¹Faculty of School of Business and Economics, Universitas Prasetiya Mulya, Indonesia

²Faculty of Asset Management, Politeknik Keuangan Negara STAN, Indonesia

Abstract

This study investigates the relationship between incumbents' re-election incentives and financial reporting disclosure in the Indonesian local government. This study uses a sample of 351 local governments at the city or district level throughout 2015-2017 when they ran a local election. Content analysis is used to assign scores to the extent of disclosure. The incumbent mayor or regent who runs a second election is signaled by 1 and 0 otherwise as the proxy for the incumbent's re-election incentives. Cross-sectional multiple regressions will be conducted to examine the hypothesis that there is a significant relationship between an incumbent's re-election incentives and disclosure of financial statements in the local government. Our findings show that incumbent re-election incentives do not have a relationship with the disclosure of financial reports. The incumbent incentive to be re-elected does not necessarily drive an incumbent to disclose its financial statements. Regarding the control variables, significant negative relationships exist between dependencies and the size of the local government towards disclosure level. However, the complexity of the population was positively related to the disclosure level of financial reports. On the contrary, political competition, debt ratio, and type of local government were not related to the disclosure level of the local government's financial reports.

Keywords: Incumbents' incentives; re-election; disclosure of financial report; local government

1. Introduction

The subject of how financial and performance accountability affect the incumbent re-election in the Indonesian local government (LG) has been studied by Yuliati et al. (2017). The results showed that higher financial and performance accountability of local government enhances the probability of incumbent re-election. Their study implies that to win a second election, a mayor or regent incumbent should demonstrate his or her accountability to voters.

To satisfy one's constituents, the incumbent is required to supply not only accountability but also they must also provide high transparency. Transparency of information enables constituents to detect corruption and maintain accountability within their government (McGee and Gaventa, 2011). The incentives of incumbents to provide information transparency are not solely intended for voters' demand. Baber (1990) found that incumbent incentives to provide transparency can also include anticipating his prospective competitors and other interest groups.

One of some ways an individual can show transparency is by offering information disclosure that allows voters to monitor the incumbent's actions. Moreover, the principal-agent relationship in the public sector provides incentives for elected leaders to provide monitoring information by disclosing information such as financial reports. Elected leaders as agents have incentives to obtain and retain power, hence they need vote shares. Consequently, agents as elected leaders provide monitoring information to demonstrate their performance to be rewarded with re-election (Baber, 1983). Previous studies have demonstrated the determinant of government transparency of financial information.

* Corresponding author at Kavling Edutown I.1 Jl. BSD Raya Utama, BSD City 15339, Tangerang, Indonesia. Email: retno.yuliati@pmbs.ac.id

Nevertheless, research on the determinants of disclosure in local government mainly focuses on political competition and local government characteristics (Bolívar *et al.*, 2013; García-Sánchez *et al.*, 2013; Laswad *et al.*, 2005; Mir *et al.*, 2015; Prado-Lorenzo and Garcia-Sanchez, 2010). García & García-García (2010) and Mir *et al.* (2015) found that political competition leads to greater disclosure in local government to satisfy principals. Higher political competition encourages mayors in local government to report more information since their re-election victory depends on voters' decisions. Higher debt (Mir *et al.*, 2015), government size (García and García-García, 2010), and government dependency (Feriayanti *et al.*, 2016) have been proven as predictors of financial report disclosure.

The purpose of this study is to provide an analysis of incumbents' re-election incentives about disclosure of financial reports. The topic is important because there is still scant research in Indonesia investigating the outcome of incumbents' re-election incentives and accounting disclosure in local government. This study is one of the first to examine the relationship between incumbent incentives to win a second election with the level of local government accounting disclosure. None of the existing studies have focused on the political behavior of incumbents' incentives as a predictor of the disclosure level of financial reporting.

The unique background of Indonesian political and economic reform makes this research interesting and pertinent. Local government elections in Indonesia started in 2005 based on the Constitution 34/2004 regarding local government. Since that enactment, mayors or regents have been directly elected by citizens. The direct election process allows voters to determine who among the candidates is worthy to lead the local government.

Voters have a chance to identify the candidate rationally (Downs, 1957). Moreover, the public accounting sector reform also influences democratic life in the local government. The Indonesian local government began to apply accrual-basis accounting in 2015 to enhance financial accountability and transparency (Harun *et al.*, 2015). Accrual basis accounting bridges the gap between supply and demand of accountability and transparency. It also addresses the demand for accountability and transparency from citizens and enables local governments to provide more accountability and transparency.

The present study specifically contributes to the extant literature by concentrating on incumbents' re-election incentives as the main determinant of accounting disclosure. We chose this variable in light of the rational behavior of the incumbent. The agent (incumbent) acts to maximize his utilities such as the vote shares, they expect to win during the next election, which is why they supply information disclosure to satisfy principles (voters or interest group) and thus ensure her or his re-election. This study focuses on local elections, because voters' and interest groups' attention on local governments increases during this time.

Furthermore, the incumbent is supposed to focus on reporting during the election year to comply with voter demand. This study also focuses on local government elections in Indonesia. It is expected that incumbent mayors or regents in Indonesian local governments who have incentives for re-election will provide more disclosure of financial reports. The theoretical contribution of this study is the application of agency theory in the context of local government and further insights into the relationship between political interest and accounting disclosure. The practical contribution of the study is in the area of potential improvement of down-to-earth accounting reports and acceptable financial reports for communities or interest groups as a tool to evaluate incumbent performance.

The rest of the paper is organized as follows. The next section provides a literature review of agency theory and its relationship with the disclosure of local government financial reports. This is followed by hypothesis development. Section 3 provides the research method as well as sample data and the operationalization of independent, dependent, and control variables and statistical analysis. Section 4 provides the results of the study followed by a discussion. The last section concludes the study, provides implications and limitations, and describes future research directions.

2. Literature review and hypothesis development

Agency theory and disclosure of financial report

Agency theory in this study provides a conceptual framework to investigate the relationship between incumbents' re-election incentive and disclosure of financial reports. In the context of public sector organizations, the relationship between principal and agent organizations is present within society as voters and public managers or elected leaders (Gailmard, 2012). Jensen & Meckling (2019) argued that the key assumption underpinning the principal-agent relationship is that the principal and

agent are rational, they do not have the same interests and act to maximize their utilities. Elected leaders as agents have incentives to obtain and retain power, hence they need vote share. Voters as principals hold an interest in their self-economic welfare, so they have incentives to monitor agents' actions because the wealth of voters depends on the actions of agents (Zimmerman, 1977).

García-Sánchez et al. (2013) and Mir et al. (2015) studied the determinants of voluntary reporting by local government using the agency theory approach. Their study revealed that local governments with high political competition disclosed more information about social and environmental information voluntarily. Consistent with García-Sánchez et al. (2013) and Mir et al. (2015), García & García-García (2010) also harnessed the agency theory approach in the Spanish local government context to examine the contributing factors of their voluntary reporting on the Internet. Mir et al. (2015) found that political competition is positively associated with the level of voluntary online reporting in local government. A high degree of political competition raises the long-term cost for the elected leader to disregard the pre-election contract and encourages incumbents to approve higher monitoring costs (Baber, 1983).

Other variables that influence the level of disclosure include “level of debt,” “size,” “per capita income,” “dependency of local government,” and “press visibility.” The study of Laswad et al. (2005) found that the level of debt is positively associated with Internet financial reporting practices. The result indicates that the political managers of New Zealand municipalities identify Internet disclosure as a potential means to provide monitoring information for creditors. The size of the municipality is also considered a contributing factor to information disclosure.

Some studies argue that a large local government provides greater information asymmetries between principal and agent, and as a result, greater agency cost would increase such asymmetries (García-Sánchez *et al.*, 2013; García and García-García, 2010; Mir *et al.*, 2015; Yu, 2010). According to Feriyanti et al. (2016), a high level of dependency tends to raise the disclosure of financial reporting. The more dependent a local government is, the more burdened it is to obey rules and regulations. Local governments' dependency on central government grants requires them to comply with accounting standards. Therefore, the high level of dependency leads to greater disclosure of accounting information.

Zimmerman (1977) found that the media plays an important role in influencing the level of information disclosure. Therefore, high pressure from the media tends to pressure the local government to disclose more information and use multiple channels for reporting (Laswad *et al.*, 2005). However, García & García-García (2010) found different results. Based on their findings, the level of press visibility showed a negative and significant association. This finding indicates that a high level of press visibility makes local governments reluctant to disclose their information.

Hypothesis development

Voters associate themselves with interest groups that have a greater ability to influence the result of elections than voters as individuals (Baber, 1983). Baber (1983) also claimed that, since voters can impact the results of elections, interest groups have incentives to find information about the achievements of political agents. If this political agent wishes to be elected, they cannot disregard these interest groups.

Consistent with agency theory, elected leaders have incentives to be re-elected, and voters or interest groups have incentives to monitor their agents, therefore elected leaders provide information disclosure to satisfy voters and interest groups. The argument above shows that the principal-agent relationship in the public sector motivates elected leaders to give monitoring information by disclosing information such as the disclosure of financial reports. Consequently, it is expected that the incentives of incumbent mayors or regents to be re-elected lead to greater disclosure of local government financial reports to convince voters or interest groups as principals. Mayors or regents in local governments who have incentives to be re-elected will report more information at the time of election because their re-election depends on whether voters are satisfied with the agents.

The present study fills the gap in the literature by identifying the determinants of financial disclosure, especially in local governments. This is the first study to focus on the political interest of incumbents' incentives as a predictor of the disclosure level of financial reporting. The present study

specifically contributes by concentrating on incumbents' re-election incentives as the main determinant of accounting disclosure.

We chose this variable because of the rational behavior of incumbents. Agents (incumbents) act to maximize their utilities such as the vote shares, they expect to win in the next election, which is why they supply information disclosure to satisfy principles (voters or interest groups) to ensure their re-election. For this reason, the following hypothesis is formulated and tested: There is a positive relationship between incumbents' re-election incentives and the disclosure level of financial reporting in Indonesian local governments.

3. Method

Sample and data

The sample is part of the population selected in the research (Sekaran & Bougie, 2013). The sample taken must be representative of the population. The sample includes all local governments at the municipal or district level throughout 2015-2017 that run in the local elections. Local election data for the years 2015-2017 have been collected from the General Election Commission (GEC), and Audited Local Government Financial Statements (LGFS) for the financial years 2015-2017 have been collected from the Supreme Audit Council (SAC). We also use some information from the Indonesian Statistics Bureau (ISB). We chose the year 2015 because it is the first time the local governments applied accrual basis accounting simultaneously in Indonesia.

Variable operational

- Dependent variable

The dependent variable is the level of disclosure of LGFS represented in the Notes to Financial Statements based on the Indonesia Government Accounting Standard (IGAS). The level of disclosure is measured by the number of items disclosed divided by the total number of items.

- Independent variable

The independent variable "incumbent incentives" is measured by incentives of incumbent mayors or regents to be re-elected in a second election. The incumbent incentive is treated as 0-1, where 1 represents the mayor or regent who runs in the second local election in the local election year. The reason we use this proxy measure is that the motivation of some actors in the local government, especially the head of local government, can be used to predict particular results as well as financial report disclosure (Giroux, 1989).

- Control variable

The research contains several control variables: "political competition," "level of debt of local government," "size," "dependency of local government," "complexity," and "type of local government." Political competition provides additional pressure to demand high transparency and accountability towards constituents (Mir *et al.*, 2015). Previous studies found that the level of debt of the local government affects the level of disclosure (Laswad *et al.*, 2005; Mir *et al.*, 2015). A local government with a higher level of debt would more disclose information in financial reports because the creditors have incentives to control their elected leaders (Zimmerman, 1977).

Size is measured by total revenue. Total revenue indicates a measure of the amount citizens have had to pay directly to the government for its service during the year (Lim and McKinnon, 1993). The size of the organization indicates the extent of information asymmetric between agents and principles. Larger organizations would be more transparent than small organizations to mitigate the information asymmetric (García and García-García, 2010). In the case of large organizations, the local government has large revenue (funds) for local government operations. Large funds allow local governments to invest their funds in investments and assets.

In addition, a higher level of dependency tends to raise the disclosure of financial reports (Bolívar *et al.*, 2013; Feriyanti *et al.*, 2016). The central government will ask for further disclosure as an effort to monitor the performance of local government on the use of transfer funds. The variable of complexity represents the number within the population. A higher population means that local governments should provide more services to the citizens. In other words, we assume that the higher the population, the higher the service provision by the government and the more aspects to disclose (Ingram, 1984).

Table 1. Identification of variables

Variable	Measure	Sources	Identifier
Disclosure of financial report	Level of disclosure: number of items disclosed divided by the total number of items	Zainon et al. (2014)	Disc
Incumbent incentives	Equal 1 for mayors or regents who run in the second local election in a local election year and 0 otherwise	Giroux (1989)	Inc
Political competition	Number of mayor or regent candidates divided by the number of available positions in the election year	Mir et al. (2015)	Polcom
Level of debt of local governments	The ratio of total debt to total assets	Mir et al. (2015)	Debratio
Dependency of local government	Number of general allocation funds that transfer from central government to local government divided by total revenue	Bolívar et al. (2013)	Depend
Complexity political visibility (size)	Logarithm of number of population Natural log of total revenue	Ingram (1984). Baber (1983); Laswad et al. (2005); Lim & McKinnon (1993)	Comp Size
Type of local government	Dummy variable: 1 represents city and 0 otherwise	Martani & Liestiani (2011)	Type

Research model

To test the hypothesis, the regression equations take the following form:

$$DISC_i = \beta_0 + \beta_1 INC_i + \beta_2 POL_i + \beta_3 DEBTRATIO_i + \beta_4 DEPEND_i + \beta_5 COMP_i + \beta_6 SIZE_i + \beta_7 TYPE_i + \varepsilon \dots(1)$$

Information:

- Y = disclosure of financial report
- $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ = regression coefficients
- ε = error (influence of other factors)

Statistical analysis

Cross-sectional multiple regressions will be used to test the hypothesis of whether there is a significant relationship between the incumbent’s re-election incentives and disclosure of financial statements in the local government.

4. Results

Data collection and descriptive statistics

The total number of local governments (LGs) which run in local elections during the period 2015-2017 is 354. We took 351 LGs as a sample because of the completeness of the data. Table 2 presents the descriptive statistics of all the variables utilized in the regression models.

Table 2. shows that the level of disclosure has an average value of 51%. This indicates that the level of financial report disclosure is relatively low compared to the maximum value of full disclosure at 100%. However, this level of disclosure is better compared to Martani and Lestiani’s finding (2012) which showed the disclosure level before the obligation of accrual accounting of the local government. The maximum disclosure level is 78% (Bengkalis District, Riau Province), and the minimum disclosure level is 20% (Arfak District Mountains, West Papua Province). In more than half of the sample participants, incumbents are running in their second election during the local election period (63%).

Table 2. also shows that, on average, three candidates compete for one position of mayor or regent. The maximum number of candidates running for one position of Mayor or Regents is 9

candidates. This indicates that the level of political competition in the Indonesian local election is at a moderate level. As the number of candidates increases, political competition increases. The debt ratio in a sample is quite low at 1.4%. This means that the overall local governments use a low level of debt for their finding. In terms of dependency, the local government receives on average 51% of its actual budget from the central government's general allocation fund. This finding indicates that local government revenue is still dominated by transfer from the central government.

Table 2. Descriptive statistics

Variable	Mean	Standard dev.	Min.	Max.	Obs.
Disclosure	0.51	0.09	0.2	0.78	351
Incumbents' re-election Incentives	0.63	0.48	0	1	351
Political competition	3.07	1.21	1	9	351
Debt ratio	0.014	0.02	0	0.14	351
Dependency	0.51	0.13	0	0.75	351
Complexity	445460.5	533233.8	13785	3534114	351
Size (Ln)	27.76	0.49	26.81	29.52	351
Type of local government	0.15	0.36	0	1	351

The complexity or the number of citizen population ranges from 13785 to 3534114 people, with an average of 445461 people. This calculation indicates that the distribution of population is unequal among districts and cities in the Indonesian local government. On average, the total revenue (size) of a local government is 1.31 trillion rupiah. The high standard deviation in size (total revenue) also shows the different potency and capacity among Indonesian local governments. Fifteen percent of local governments are city local governments, while the other 85% are district-level governments. This indicates that local governments in Indonesia are dominated by districts.

Findings and discussion

Table 3. Correlations

	Disc	Inc	Polcom	Debratio	Depend	Comp	Size	Type
Disc	1.0000							
Inc	0.0041	1.0000						
Polcom	0.0483	-0.1347**	1.0000					
Debratio	-0.0314	0.0113	0.0364	1.0000				
Depend	-0.1404*	-0.0173	0.0771	-0.0974	1.0000			
Comp	0.2032*	0.009	-0.0794	-0.0618	-0.3712*	1.0000		
Size	0.0836	0.0221	-0.0883	-0.0535	-0.6338*	0.7971*	1.0000	
Type	0.0419	0.1145**	-0.0412	0.038	-0.1159**	0.0707	0.0054	1.0000

*Correlation significant at 0.01

**Correlation significant at 0.05

Before running the regression, we conducted the classical assumptions including normality, multicollinearity, and heteroscedasticity tests. The regression model has achieved the classical assumptions. Table 3. contains the correlation among the variables suggested. The correlation results showed that there are no high correlations (below 0.90) among the independent and control variables that could cause multicollinearity problems (Hair, 2009).

Table 4. presents the cross-sectional regression results on the relationship between incumbents' reelection incentives and the control variable toward the disclosure of financial reports. The explanatory power of the model (R²) is 8.20%, which indicates that the 8.20% level variation of the disclosure can be explained by all the independent and control variables. The remaining 91.8% is clarified by other variables which are not included in the model.

The results showed the surprising fact that incumbents' reelection incentives were not a predictor of the disclosure level of local government financial reports (p value= 0.738). It indicated that incumbents' reelection incentives do not appear to be important explanatory variables for the disclosure

level of financial reports. This is not consistent with the agency theory that provides a conceptual framework to investigate the relationship between incumbents' re-election incentive and disclosure of financial reports. Based on agency theory, elected leaders have incentives to be re-elected, and voters or interest groups have incentives to monitor their agents. Therefore, elected leaders supply information disclosures to satisfy voters and interest groups. This finding does not support agency theory in the public sector.

Table 4. Ordinary least square estimation (dependent variable: disclosure of LG financial report)

Variable	Coefficient	t	P> t
Incumbent's re-election Incentives	0.003	0.34	0.738
Political competition	0.005	1.34	0.181
Debt ratio	-0.224	-1.06	0.290
Dependency	-0.182	-3.79	0.000***
Complexity	0.040	5.30	0.000***
Size	-0.083	-4.27	0.000***
Type of local government	-0.004	-0.33	0.739
Cons	2.396	4.93	0.000
Prob > F	0.0000		
Adj R-Square	0.0820		
Number of obs	351		

*p < 0.1; **p < 0.05; ***p < 0.001

This finding indicates that constituents have not used financial reports to evaluate the accountability and transparency of incumbent mayors or regents. Indonesian voters tend to evaluate incumbent economic policies (Mujani and Liddle, 2010). Financial statements are not considered to be sufficiently down to earth and familiar for voters to evaluate leader performance. This finding showed that accounting in the Indonesian public sector is considered to be a tool that only records and reports actual financial or economic events.

This contradicts the work of Hopwood and Miller (1994) who said that accounting can be treated as a practice that affects the type of world we live in and the type of social reality we inhabit. That is why the incumbent reelection incentives do not drive greater disclosure of financial reports. In the context of this study, accounting cannot be used as a social control by the voters to demand high accountability from the head of local government and as a tool to provide accountability and transparency for elected leaders. This finding questions the role of accrual-based accounting in the local government its purpose in initial obligation is to promote more transparency and accountability (Guthrie, 1998).

Political competition is also not a predictor of the disclosure level of local governments' financial reports (p value=0.181). This finding is consistent with Laswad et al. (2005) and Tavares & da Cruz (2020) that political competition is not the concern of leaders to disclose financial reports. The debt-ratio variable was found not to be a predictor of disclosure level (p value=2.90).

This result is in line with those reported before by García & García-García (2010) who found an insignificant relationship between the level of debt and the disclosure level. The level of debt does not place pressure on local governments to increase the disclosure level, because the average level of debt of local governments is relatively low (0.014), as shown in Table 2 (Descriptive Statistics).

The result showed a negative and statistically significant relationship between the level of disclosure and dependency ($\beta = -0.182$; p value=0.000). In other words, the higher the level of dependency on the local government, the lower the level of the local government's financial reports disclosure. This does not support the previous finding by Bolívar et al. (2013). This finding indicates that local governments conservatively uphold information transparency. They comply only with the minimum disclosure standard (Nie *et al.*, 2016). The size variable showed a negative significant effect on the disclosure of financial reports ($\beta = -0.83$; p value=0.000). This is not consistent with previous studies (Bolívar *et al.*, 2013; García and García-García, 2010). This finding also did not support agency theory. Large local governments with greater information asymmetries between principal and agent did not demonstrate more disclosure to mitigate information asymmetry. This can be caused by the limitation of the proxy used. The proxy used to measure the size is total revenue, while the total revenue

of local governments comes in part from the central government (transfer funds). This relates to the dependency level explained above.

The result also confirms the relationship between local government complexity and the disclosure level of financial reports. Local governments with higher populations also display higher levels of disclosure. This result supports the findings of (Martani and Liestiani, 2011). Complexity is represented by the number of populations. A higher population means that the local government should provide more services to its citizens. The type of local government does not have a significant relationship with disclosure level. There is no difference in disclosure level between cities and districts in the Indonesian local government. This finding is in line with (Martani and Liestiani, 2011).

5. Conclusion

This study examined how the incumbent re-election incentives can affect the disclosure level of financial reports in local governments. Using cross-sectional multiple regressions and 351 local governments as a sample, this study fails to support the relationship between incumbents' re-election incentives and disclosure of local government financial reports. Support was found regarding three control variables in this research based on the results of cross-sectional regression analysis. Significant negative relationships exist between dependencies and the size of local governments towards disclosure level. However, the complexity of the population was positively related to the disclosure level of the financial report. On the contrary, political competition, debt ratio, and type of local government were not related to the disclosure level of local governments' financial reports.

This finding contributed to the theory because it did not support agency theory in the Indonesian public sector context. The incumbent incentive to be re-elected does not necessarily drive an incumbent to disclose its financial statements. This finding indicates that incumbents do not need to show their accountability and transparency based on disclosure, because financial reports have not been used by constituents or interest groups to assess the accountability and transparency of incumbent mayors or regents.

The study contributes to the potential improvement of socializing the use of accrual accounting financial reports for constituents or interest groups. How to make accrual accounting financial reports more "down to earth" and acceptable to the community as a tool for evaluating the leader's performance. The present study is limited to the examination of the disclosure level of local governments' financial reports without separating financial or nonfinancial disclosure. Future research is suggested to test the disclosure by separating financial and nonfinancial aspects. This study is also limited to the investigation of financial reports for one year, the election year. Future research is suggested to investigate the disclosure level of financial reports before and the year of the election year.

References

- Baber, W.R. (1983), "Toward understanding the role of auditing in the public sector", *Journal of Accounting and Economics*, Vol. 5 No. C, doi: 10.1016/0165-4101(83)90013-7.
- Baber, W.R. (1990), "Toward a framework for evaluating the role of accounting and auditing in political markets: The influence of political competition", *Journal of Accounting and Public Policy*, Elsevier, Vol. 9 No. 1, pp. 57–73, doi: 10.1016/0278-4254(90)90021-Q.
- Bolívar, R.M.P., Muñoz, A.L. and Hernández, L.A.M. (2013), "Determinants of Financial Transparency in Government", *International Public Management Journal*, Taylor & Francis Group, Vol. 16 No. 4, pp. 557–602, doi: 10.1080/10967494.2013.849169.
- Downs, A. (1957), "An Economic Theory of Political Action in a Democracy", *Journal of Political Action in a Democracy*, Vol. 65 No. 2, pp. 135–150.
- Feriyanti, M., Hermanto, H. and Suransi, N.K. (2016), "DETERMINAN KEPATUHAN PADA KETENTUAN PENGUNGKAPAN WAJIB LAPORAN KEUANGAN PEMERINTAH DAERAH (Studi Pada Kabupaten/Kota Di Provinsi Nusa Tenggara Barat)", *InFestasi*, Vol. 11 No. 2, p. 171, doi: 10.21107/infestasi.v11i2.1130.
- Gailmard, S. (2012), "Accountability and Principal-Agent Theory", *The Oxford Handbook of Public Accountability*, No. August, pp. 1–27, doi: 10.1093/oxfordhb/9780199641253.013.0016.
- García-Sánchez, I.M., Frías-Aceituno, J.V. and Rodríguez-Domínguez, L. (2013), "Determinants of corporate social disclosure in Spanish local governments", *Journal of Cleaner Production*, Elsevier, Vol. 39, pp. 60–72, doi: 10.1016/J.JCLEPRO.2012.08.037.
- García, A.C. and García-García, J. (2010), "Determinants of Online Reporting of Accounting Information by

- Spanish Local Government Authorities”, *Local Government Studies*, Routledge, Vol. 36 No. 5, pp. 679–695, doi: 10.1080/03003930.2010.506980.
- Giroux, G. (1989), “Political interests and governmental accounting disclosure”, *Journal of Accounting and Public Policy*, Elsevier, Vol. 8 No. 3, pp. 199–217, doi: 10.1016/0278-4254(89)90004-5.
- Guthrie, J. (1998), “Application of Accrual Accounting in the Australian Public Sector – Rhetoric or Reality”, *Financial Accountability & Management*, John Wiley & Sons, Ltd, Vol. 14 No. 1, pp. 1–19, doi: 10.1111/1468-0408.00047.
- Hair, J. (2009), *Multivariate Data Analysis*, Pearson Prentice Hall, Upper Saddle River, NJ.
- Harun, H., Van-Peursem, K. and Eggleton, I.R.C. (2015), “Indonesian public sector accounting reforms: dialogic aspirations a step too far?”, *Auditing & Accountability Journal*, Vol. 28 No. 5, pp. 706–738, doi: 10.1108/AAAJ-12-2012-1182.
- Hopwood, A.G. and Miller, P. (1994), “Accounting as social and institutional practice”, Cambridge University Press, p. 324.
- Ingram, R.W. (1984), “Economic Incentives and the Choice of State Government Accounting Practices University of Chicago Stable URL : <http://www.jstor.org/stable/2490704> Linked references are available on JSTOR for this article : Economic Incentives and the Choice of State Gove”, *Journal of Accounting Research*, Vol. 22 No. 1, pp. 126–144.
- Jensen, M.C. and Meckling, W.H. (2019), “Theory of the firm: Managerial behavior, agency costs and ownership structure”, *Corporate Governance: Values, Ethics and Leadership*, Harvard University Press, No. 4, pp. 77–132, doi: 10.4159/9780674274051-006.
- Laswad, F., Fisher, R. and Oyelere, P. (2005), “Determinants of voluntary Internet financial reporting by local government authorities”, *Journal of Accounting and Public Policy*, Vol. 24 No. 2, pp. 101–121, doi: 10.1016/j.jaccpubpol.2004.12.006.
- Lim, S. and McKinnon, J. (1993), “Voluntary disclosure by NSW statutory authorities: The influence of political visibility”, *Journal of Accounting and Public Policy*, Elsevier, Vol. 12 No. 3, pp. 189–216, doi: 10.1016/0278-4254(93)90027-9.
- Martani, D. and Liestiani, A. (2011), “DISCLOSURE OF LOCAL GOVERNMENT FINANCIAL STATEMENT IN INDONESIA”.
- McGee, R. and Gaventa, J. (2011), *Shifting Power? Assessing the Impact of Transparency and Accountability Initiatives*, *IDS Working Papers*, Vol. 2011, doi: 10.1111/j.2040-0209.2011.00383_2.x.
- Mir, M.Z., Chatterjee, B. and Taplin, R. (2015), “Political competition and environmental reporting Evidence from New Zealand local governments”, *Asian Review of Accounting*, Vol. 23 No. 1, pp. 17–38, doi: 10.1108/ARA-02-2014-0027.
- Mujani, S. and Liddle, R.W. (2010), “Parties and Voters”, *Personalities, Parties, and Voters*, Vol. 21 No. 2, pp. 35–49, doi: 10.4135/9781446279342.n5.
- Nie, L., Liu, H.K. and Cheng, W. (2016), “Exploring Factors that Influence Voluntary Disclosure by Chinese Foundations”, *Voluntas*, Springer New York LLC, Vol. 27 No. 5, pp. 2374–2400, doi: 10.1007/S11266-016-9689-0.
- Prado-Lorenzo, J.M. and Garcia-Sanchez, I.M. (2010), *The Role of the Board of Directors in Disseminating Relevant Information on Greenhouse Gases*, *Journal of Business Ethics*, Vol. 97, doi: 10.1007/s10551-010-0515-0.
- Sekaran, U. and Bougie, R. (2013), “Research Methods for Business: A Skill-Building Approach”, *Leadership & Organization Development Journal*, Vol. 34 No. 7, pp. 1–407, doi: 10.1108/lodj-06-2013-0079.
- Tavares, A.F. and da Cruz, N.F. (2020), “Explaining the transparency of local government websites through a political market framework”, *Government Information Quarterly*, JAI, Vol. 37 No. 3, p. 101249, doi: 10.1016/J.GIQ.2017.08.005.
- Yu, H. (2010), “On the determinants of internet-based disclosure of government financial information”, *2010 International Conference on Management and Service Science, MASS 2010*, doi: 10.1109/ICMSS.2010.5576822.
- Yuliati, R., Slamet Raharjo, S. and Siswanto, D. (2017), “Accountability and Incumbent Re-election in Indonesian Local Government”, *International Research Journal of Business Studies*, Vol. 9 No. 3, pp. 157–168, doi: 10.21632/irjbs.9.3.157-168.
- Zainon, S., Atan, R. and Wah, Y.B. (2014), “An empirical study on the determinants of information disclosure of Malaysian non-profit organizations”, *Asian Review of Accounting*, Vol. 22 No. 1, pp. 35–55, doi: 10.1108/ARA-04-2013-0026.
- Zimmerman, J.L. (1977), “The Municipal Accounting Maze : An Analysis of Political Incentives Source : *Journal of Accounting Research*, 1977, Vol. 15, Studies on Measurement and Evaluation of the Economic Efficiency of Public and Private Nonprofit Institutions Business, Univer”, Vol. 15, pp. 107–144.