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**INTERNET-BASED INFORMATION DISCLOSURE
PRACTICES: DOES REPUTATION OF
AUDITOR MATTERS?****Claudia Sheva Nurrachma
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Abstract: This study aims to examine the Internet-based information disclosure in financial companies listed on the Indonesia Stock Exchange (IDX) by examining profitability, leverage, age, companies size, growth, performance, auditor's reputation and firm performance audited by Big four as companies characteristics and for website characteristics by general and financial companies information, company news or event and financial and corporate governance internet based report. The population of this study is financial companies listed on the Indonesia Stock Exchange between the years of 2011-2013, while the samples consist of 210 companies. This research uses a secondary data derives from the annual reports and corporate website. The technique used to test the hypothesis is multiple linear regression analysis techniques. The results indicate that auditor reputation, firm performance and firm performance audited by Big four has no effect because the company's performance is not only influenced by the auditor but the manager and administrator of the company's website do not involve auditors in disclosure financial information of the internet based. The study also finds that leverage and size firm has a significant effect on the study through internet-based information disclosure. In contrast, profitability, age, growth does not have a significant influence on this study.

Keywords: Internet Financial Report, Corporate Internet Report, Company's Website, Auditor's Reputation, Indonesia, Internet Information Disclosure.

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INTRODUCTION

Web-based business reporting technology is progressing, especially in the developed countries and countries with an advanced information and communication technology infrastructure (Khadaroo, 2005). Adopting new technologies such as the internet in facilitating their activities such as to do promotion, consumer services, and others, including in company's financial reporting to reach the broad interest over the financial statements can reduce the agency cost. In addition, every company wants to give a good image towards the public, especially to their current and prospective investors (Chariri & Lestari, 2005).

Internet usage is increasing the disclosure of financial statements through websites. Meanwhile, it also gives an advantage for financial statements users because it leads to an unlimited time of access to the financial statements, easier way of access to companies' financial reports through their website, wider coverage of information and being part of an analysis and comparison of financial statements with the previous year.

Financial and non-financial disclosures play a central role in the functioning of capital markets. In this context, the Internet has been adopted as an effective mechanism for large companies to disseminate information about companies (Ariza & Turrent, 2012). By publishing such information on company's website, users can search for important information related to a company and any other information without have to spend any cost and eliminate some limitations due to the region differences. It's also increasing the frequency of financial information reporting to the public in providing immediate information (Almilia, 2008). The actual amount of information disclosed varies among companies. Some companies publish comprehensive financial reports while others publish partial financial statements or summary of financial highlights. Disclosing material information to stakeholders is also considered as a sign of good corporate governance (Momany & Pillai, 2013).

Internet reporting also has some implications for accounting standard setters and the

accounting profession. Given that the financial report is one important aspect of accounting, the accounting profession must safeguard the interests of stakeholders and ensure that the information reported by a company on their website is "true and fair" (Khadaroo, 2005). In addition, an increased standardization will bring improvement in the consistency and comparability (Gori et al., 2012). Policy makers need to establish laws and regulations for companies to minimize the possibility of false information disclosure and encourage more disclosure (Ghasempour & Atef, 2014).

Auditor act as assessors and evaluators company's performance in managing resources and achievement of corporate goals (Anggraini, 2008). Auditor reliable in providing financial information, public accountants conduct audits that are considered financial statements user as a party to verify the financial statements, the quality of the audit process increase the confidence of users of financial statements, the results of the audit process in the form of financial statements used stakeholders and potential investors as assessor performance of the company, Quality audits are often associated with the size of the auditor, the size of the auditor affects the broad of the disclosure.

International institutions have become more involved in the issuance of regulations and codes of good governance, with a view to restoring investor confidence in large companies (Ariza & Turrent, 2012). Legislation and institutional factors play an important role in determining whether mandatory or voluntary disclosure items. While the company has no other possibility besides to disclose required information, they have the options whether or not to disclose information voluntarily (Uyar, 2012).

Financial performance is considered insufficient to demonstrate accountability and transparency of an organization, thus investors expect companies choose to voluntarily disclosure information beyond the mandatory disclosure (Prastiwi & Puspitaningrum, 2013). As far as the biggest challenge faced by the IFR (Internet Financial Report) environ-

ment is that ensure the security and integrity of financial information published on company website (Basuony & Mohamed, 2014). The removal of some relevant information from web-based financial reporting may generate legal implications (Hindi & Rich, 2010).

Some companies are very closed in providing information on the website. Even though some are more open to the information provided, but the presentation given is not necessarily appropriate in term of quantity and quality for users of financial statements which can cause some problems at the company. High-quality transparency can be achieved through an effective investor relations program and generate more benefits for companies such as increased market exposure, increased analyst coverage and institutional growth (Chang et al., 2008). A lot of Business has to start out the process of social accountability which is adopting a variety of instruments, like using codes to conduct a report on the subject of environmental, social or sustainability (Gori et al., 2012).

Developing countries adopt the IFR as a means to communicate specific details of the company to interested stakeholders to express their transparency in disclosing information (Momany & Pillai, 2013). Indonesia as a developing country which cannot be separated from the phenomenon, the firms in Indonesia are required to be able to improve its ability to communicate information (financial and non-financial) to satisfy the company's stakeholders, including investors (Kusumawardani, 2011).

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Profitability Affects the Internet-based Information Disclosure

Profitability describes the level of companies' financial health and greater financial resources (Almilia, 2008). Large companies are carrying a great resource thus it will also conduct more extensive disclosure (Sudarmadji & Sularto, 2007). It is suggested that the profitability of a company can be considered as an indicator of a good management because management tends to reveal more information when the return rate is high. Therefore, a pro-

fitable company has additional financial resources to disseminate financial information voluntarily and have more incentive to reveal more information to both stakeholders and the public that they are more profitable than their counterparts in the same industry (Basuony & Mohamed, 2014). Based on the argument above, the proposed hypothesis is as follows:

H1: There is an effect of the profitability on Internet-Based Information Disclosure.

Growth Affects the Internet-based Information Disclosure

Company's growth indicates company's ability to maintain the continuity of its business (Rudyawan & Badera, 2008). Companies with a high growth rate or companies with high growth prospects, the traditional accounting disclosure may be less suitable because the company growth may not be adequately reflected in the traditional accounting measurement. Therefore, these companies may try to compensate by actively using the IFR as a means to communicate in a better way thus they can provide much relevant information toward the investors (Amyulianthy, 2011). Based on the argument above, the proposed hypothesis is as follows:

H2: There is an effect of Growth on Internet-Based Information Disclosure.

Companies Performance Affects the Internet-based Information Disclosure

Investors evaluate a company's website for investment decision and analyze financial performance (Ali & McGrath, 2011). Financial reporting is the process of communicating financial information which is related to resources and the performance of companies (Shukla & Gekara, 2010). Companies with poor performance tend to avoid the use of techniques such as IFR reporting because they are trying to hide bad news. Meanwhile, companies that have good performance or performance reporting will use techniques such as IFR to spread the Good news (Chariri & Lestari, 2005). Based on the argument above, the proposed hypothesis is as follows:

H3: There is an effect of the Performance on Internet-Based Information Disclosure.

Leverage Affects the Internet-based Information Disclosure

Contract agreement triggers debt management to improve the quality of corporate financial disclosure through the internet (Widaryanti, 2011). Corresponding with the leverage increase, managers can use the IFR to help disseminate positive information about a company in order to "obscure" the attention of the creditors and shareholders who are not only focused on a high leverage. This is due to an internet based financial reporting may contain information that can be better than a company paper-based reporting (Chariri & Lestari, 2005). Based on the argument above, the proposed hypothesis is as follows:

H4: There is an effect of the Leverage on Internet-Based Information Disclosure.

The company Size Effect to the Internet-based Information Disclosure

The size of the company is an important factor to explain the variability in the level of voluntary disclosure of the company. Typically, large companies disclose more information than small companies (Gandia, 2003). Company's size in this study is measured by the natural logarithm of total assets value. The natural logarithm is chosen to reduce the data deviation (range). Total assets are chosen after considering that the value of assets is relatively more stable compared to the value of market capitalization and sales (Sudarmadji & Sularto, 2007). Based on the argument above, the proposed hypothesis is as follows:

H5: There is an effect of the Size on Internet-Based Information Disclosure.

Companies' Age Affects the Internet-based Information Disclosure

The longer a company is listed on a stock exchange a company is more likely to provide financial information publicity that is more than just listing requirements as part of the accountability practices set by Capital Market Supervisory Agency/BAPEPAM. More experienced companies have a tendency to change the method of financial reporting in accordance with the development of technology to attract investors through the use of IFR (Cha-

riri & Lestari, 2005). Based on the argument above, the proposed hypothesis is as follows:

H6: There is an effect of the Leverage on Internet-Based Information Disclosure.

Auditor's Reputation Affects the Internet-based Information Disclosure

The Agency theory states that the employment of qualified auditors will reduce the risk of fraudulent practices in a company and thus reduce agency costs. Signaling theory, on the other hand, states that by employing the members of the big four auditor firms, signaling company's financial credibility due to the reliability of the reports generated (Momanay & Pillai, 2013). The appointment of reputable Public Accounting Firm is one positive sign of a company because the company will be deemed to provide information that is reliable and more transparent financial information report. This will enhance companies' image and encourage companies to disseminate financial statements through the IFR in order to raise the confidence of investors because the companies' financial statements are reliable (Kusumawardani, 2011). Based on the argument above, the proposed hypothesis is as follows:

H7: There is an effect of the Leverage on Internet-Based Information Disclosure.

The Influence of the Auditors Performance and Reputation towards Internet-based Information Disclosure

The Corporate performance information is basic information needed in decision-making process. Information about the company's performance will be more credible if the information of financial statements is audited by big four accounting firms. According to (Rudyawan & Badera, 2008), auditor as a third party is needed to monitor the performance of the management whether it acts in accordance with the interest of the principal through financial statements. Based on the argument above, the proposed hypothesis is as follows:

H8: Performance and Auditor's Reputation affect Internet-based Information Disclosure.

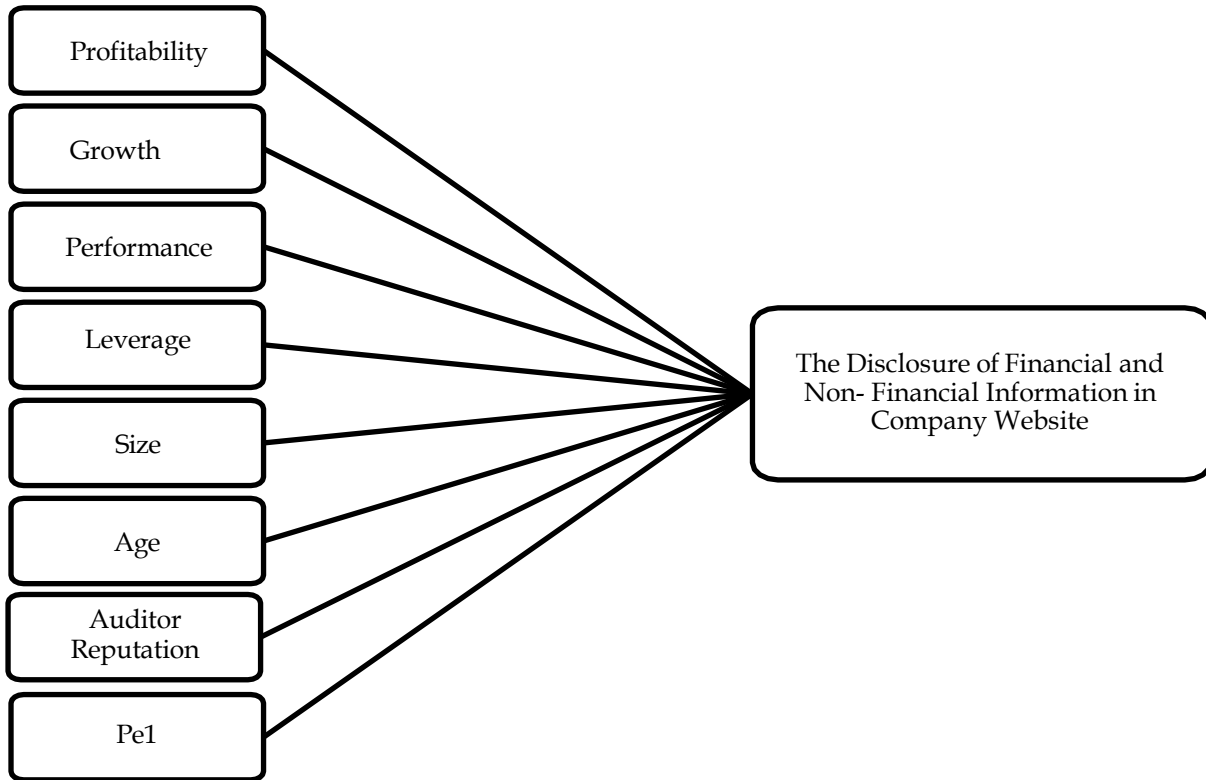


Figure 1. Theoretical Framework

RESEARCH METHODS

Population, Data, Samples, Sampling Techniques and Research Design

This study population is all public companies in the financial sector which listed in Indonesia Stock Exchange during 2011-2013. The study population as many as 78 companies consist of banking companies, financial companies other than banks, securities firms, and insurance companies'. Sample selection is done by purposive sampling to obtain a representative sample on specified criteria. The data collection conducted using cross section data because the focus of data collection is done only once at an event at the time of observation. The source of data in this research is secondary data.

Identification of Variables

We assess the level of internet-based reporting using the index of internet-based financial statement disclosure. Thus, a value of 1 is given to certain item if it is disclosed by the company and 0 is given when the company does not disclose the item. The total value of disclosure index will be divided by the ma-

ximum value possible to get the level of internet-based financial disclosure.

Table 1. Outline of Disclosure Attribute of Internet Financial Report

No	Disclosure Attribute
1	Investor Relation
2	CG Report
3	Email Link
4	Multimedia
5	Company Information
6	Products & Services Information
7	Forward-Looking Information
8	Figures & Graphs
9	General Financial Information
10	IFR
11	Information about Share and Dividend
12	Relevant event or news

The internet-based financial disclosure index in this research is based on research of

Basuony & Mohamed (2014), Ariza & Turrent (2012) and Popa, Blidisel, & Pop (2008). Characteristics contained in the value measure-

ment disclosures index are as in table 1 and Measurement of Independent Variables are as in table 2.

Table 2. Measurement of Independent Variables

Independent Variables	Description
Profitability	Net Profit $ROA = \frac{\text{Net Profit}}{\text{Total asset}}$
Growth	Price $PBV = \frac{\text{Book Value}}{\text{Net Profit}}$
Performance	Equity $ROE = \frac{\text{Net Profit}}{\text{Total Liability}}$
Leverage	Total Liability $DER = \frac{\text{Total Liability}}{\text{Total Equity}}$
Size	$\log_n \text{ Total Asset}$
Age	age = 2013 – (listing age)
Auditor reputation	Using a dummy variable, if using Big Four accounting firms scored 1 if not 0
Pe1	Result variable performance times auditor reputation

HASIL DAN ANALISIS Descriptive Statistics

Table 3. Descriptive Statistics

	N	Min	Max	Mean	Std. Dev.
NP	210	0.17	0.92	0.6071	0.16169
Profitability	210	-0.45	0.26	0.0315	0.05600
Growth	210	-10.37	10.98	1.4610	1.68233
Performance	210	-1.42	0.41	0.1064	0.18819
Leverage	210	-7.84	47.76	5.1807	4.95241
Size	210	9.54	14.87	12.6341	1.09306
Age	210	0.00	31.00	12.7286	7.34115
Pe1	210	-0.53	.38	0.0631	0.10228
Valid N (listwise)	210				

Table 4. Descriptive Statistics

	Auditor Reputation				
	Total N	Maximum	Mean	Median	Standard Deviation
Non Big 4	114	0.00	0.46	0.00	0.50
Big 4	96	1.00	0.47	1.00	0.51

Normality Test

Table 5. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		210
Normal Parameters ^a	Mean	0.0000000
	Std. Deviation	0.14491531
	Absolute	0.080
Most Extreme Differences	Positive	0.039
	Negative	-0.080
Kolmogorov-Smirnov Z		1.162
Asymp. Sig. (2-tailed)		0.134

a. Test distribution is Normal.

Based on the results of the normality test, the regression models has met the assumptions of normality and the data is normally distributed. This is supported by the level of significance of the research which is higher than 5%, with an Asymp. Sig. value of 0.134.

Multicollinearity Test

Table 6. Coefficients^a

Model	Colinearity Statistics	
	Tolerance	VIF
(Constant)		
Profitability	.534	1.873
Growth	.895	1.118
Performance	.473	2.112
Leverage	.658	1.520
Size	.464	2.156
Age	.892	1.121
Auditor_Reputation	.456	2.192
Pe1	.389	2.571

a. Dependent Variable: NP

Multicollinearity Test is proved by the value Tolerance and VIF (Variance Inflation Factor). Based on the multicollinearity test, each independent variable has Tolerance val-

ue that is not higher than 0.01 and VIF that is not higher than 10. Thus we can conclude there is no multicollinearity between each independent variable.

Autocorrelation test

Table 7. Runs Test

	Unstandardized Residual
Test Value ^a	0,01514
Cases < Test Value	105
Cases >= Test Value	105
Total Cases	210
Number of Runs	101
Z	-0,692
Asymp. Sig. (2-tailed)	0,489

a. Median

Assessment criteria in Runs Test if Asymp. Sig. is greater than 0.05 (5%). Based on the table above, Asymp. Sig. value is 0.489 which is higher than 0.05, thus it can be said that there is no residual autocorrelation or random inter-residual value.

Heterocedasticity Test

Based on the table 8 the probability value Obs*R-Squared is 0.1347 which is higher than

0.05 (5%) this means that there is no heteroscedasticity in the residual data but there is a homoscedasticity problem (5%). In the study Almilia (2008) the occurrence heteroscedasticity symptom is because the dependent vari-

able using the same data over 3 years period. Moreover, this research data is pooled data, which is a combination of cross-section data and time series data. So this study ignores the heteroscedasticity.

Table 8. Heteroskedasticity Test: White

F-statistic	1.575164	Prob. F(5.29)	0.1341
Obs*R-squared	12.38886	Prob. Chi-Square(5)	0.1347

Hypothesis Testing

The mathematical model used in this study is formulated as follows:

$$DS = \alpha + \beta_1 \text{Profitabilitas} + \beta_2 \text{Growth} + \beta_3 \text{Performance} + \beta_4 \text{Leverage} + \beta_5 \text{Size} + \beta_6 \text{Age} + \beta_7 \text{Auditor} + \beta_8 \text{Auditor* Performance} + \varepsilon$$

Explanation:

DS = Disclosure Score, Using research instruments index developed by Basuony & Mohamed (2014), Ariza & Turrent (2012), and Popa, Blidisel, & Pop (2008).

α = Constants

ε = Error

Table 9. Descriptive Statistics

Variable	Coefficient	T	P
Constant	0,209	1,310	0,192
Profitability	-0,083	-0,333	0,739
Growth	-0,009	-1,344	0,180
Performance	0,091	1,158	0,248
Leverage	0,007	2,676	0,008
Size	0,032	2,321	0,021
Age	-0,003	-1,897	0,059
Auditor Reputation	-0,023	-0,775	0,439
Pe1	0,185	1,156	0,249
R ²		0,197	
Adjusted R ²		0,165	
F		6,155	
P		0,000 ^a	

Based on the obtained values Table 9 Adjusted R Square 0.165 (16.5%). This shows that the independent variable profitability, growth, performance, leverage, size, age and reputation auditor can explain the variation of the variable value of companies website disclosure contained in this research model by 16.5%, while 83.5% described by other variables whi-

ch are not included in the regression model study.

F-test assessment criteria are when probability value (Sig.) is less than 5% (0.05). Based on table 5 the F value of 6.155 and P-value of 0.000. Probability value (Sig.) is less than 0.05. This shows that the independent variables profitability, growth, performance, levera-

ge, size, age, and auditors reputation, simultaneously has a significant effect on the value of the company's website of information disclosure as the dependent variable.

The first hypotheses test the effect of profitability on the disclosure of financial statements based on the internet. The first hypotheses test the effect of profitability on the disclosure of Internet-based information. The test results show t-value -0.333 coefficient value -0.083 and p-value 0.739 that is greater than 0.05 which mean the H1 is rejected. Thus, profitability has no effect on the value of disclosure of financial information through the Internet.

The result is consistent with the results of Puri (2013) who states that a company with high profitability reporting revealed a low index. This proves that high profitability does not guarantee a company will fully disclose financial reporting through the internet based the index (Puri, 2013). However, the result is not in line with the result of Widaryanti (2011) who states that profitability is an important aspect which is used as a reference by the investor or owner to assess the performance of management in managing a company. Profitability can also be used by creditors to decide their loan to a company because of conditions that describe the level of profitability of a company's health.

The second hypotheses test of the growth effect toward the internet-based financial statement disclosure. The test has a coefficient of -0.009 t-value -1.344 and p-value 0.180 that is greater than 0.05, which mean in this study the H2 is rejected thus there is no effect of growth on internet based financial statement disclosure. Based on the result growth does not affect internet-based financial statement disclosure. The result of this study is in accordance with the study of Debrecey et al., (2002) shows that companies with high growth potential tend to focus on their efforts to improve their performance and not on sophisticated as internet based financial reporting. Another explanation, there is some concern about the possible consequences of reporting companies when they are more sophisticated, because of the increased transparency can lead to a competitive disadvantage. Another

explanation is there are many frequently asked questions due to the negative correlation of company growth and the disclosure of financial statements because of Internet-based costs and the necessary attention devoted to the company when the company is experiencing a rapid growth.

The third hypotheses test the effect of performance on internet-based financial statement disclosure. The test result shows a coefficient of 0.091 with a t-value amounting to 1.158 and p-value of 0.248 which is greater than 0.05, it means in this study H3 is rejected. Therefore, the value of disclosure of financial information through the Internet has no effect on H3.

The results show performance does not affect internet-based financial statement disclosure. The result in this study is different with a research by Hargyantoro (2010) who find that the financial statements depict a company's financial position and performance of the company over a given period. As a means of propulsion that is used to reduce the asymmetry of information and agency costs arising from the agency conflict. This means that the Internet can provide an economical and efficient way to communicate management performance to stakeholders. IFR Practice is a medium for conveying information in order to reduce information asymmetry and agency costs but financial performance is considered insufficient to demonstrate accountability and transparency of an organization so that a company is expected to choose to voluntarily disclose information beyond the mandatory disclosing (Prastiwi & Puspitaningrum, 2013).

The fourth hypotheses test the effect of leverage on internet-based financial statement disclosure. The test results show a coefficient of 0.007 with t-value 2.676 and 0.008 and the p-value less than 0.05, which mean in this study H4 is supported, thus there is a significant positive effect of the leverage on the value of the disclosure of information via the internet. Positive coefficient values indicate that the higher the leverage, the higher the disclosure of Internet-based information.

The result of this study finds that there is a significant and positive effect of leverage on

the internet-based financial reporting. This result is consistent with the result of a research by Basuony & Mohamed (2014) who finds that leverage has a positive effect on internet-based financial statement disclosure, because companies that have debts are more likely to try and finding creditors by spreading a reliable information on the website to make the creditors more confident about the company's ability to pay their debts. Moreover, according to Signh (2013) a financial information web-based disclosure of a company that has a large amount of debt within their capital structure, will add more additional costs which associated within its deployment. But this dissemination will provide more reliable information to the term creditors, and later it will reduce the agency costs.

However, the results of this study are not consistent with the results of Kusrinanti et al. (2012) who stated that in accordance with agency theory, a company that has a greater obligation will try to reduce the public reporting thus will create a positive assessment. The existence of a positive assessment of the public will make the public pay less attention to company's leverage ratio. According to Mahendra (2011), the size company's debt is not too noticed by investors, as more investors look at how company's management uses these funds effectively and efficiently to achieve added value for the company's value.

The fifth hypotheses test the effect size on Internet-based financial statement disclosure. The test results show a coefficient of 0.0032 with t-value 2.321 and p-value 0.021 which is less than 0.05 this mean the H5 is supported. Thus, there is a significant positive effect of companies' size on the value of financial disclosure over the internet. Positive coefficient values indicate that the higher the size, the higher the disclosure of Internet-based information.

It can be concluded that company size affects internet-based disclosure. This positive relationship indicates that the large companies that have a reporting system that better information is likely to have the resources to produce more information and costs to produce such information are lower than the company that has limitations in reporting in-

formation system (Almilia, 2008). In addition, large companies are more easily to be monitored in term of their activities in the capital market and social environment in general, thus putting pressure on those companies to practice reporting a more complete and faster, one of them by doing practice IFSR (Prastiwi & Puspitaningrum, 2013). Large companies are capable of installing and operating the computer and internet tools in order to expedite the process of delivering information about the company through the company website (Widaryanti, 2011).

The sixth hypotheses test the effect of age on the Internet-based financial statement disclosure. The test results show a coefficient of -1.897, t-value -0.003 and a p-value of 0.059 which is greater than 0.05, thus the H6 is rejected. Therefore, there is no effect of age on the internet-based financial disclosure on H6. Based on the result, age has no effect on internet-based disclosure of financial statements. This result is consistent with the results of the study by Sulistyanto & Nugrahanti (2013) which find that companies that are listing on the Stock Exchange have been known and trusted by the community. Thus, even though the company does not disclose much information that is needed by users on the website, it does not affect public confidence in the company.

But according to Singh (2013), older companies are more likely to have a defined reporting system, which means that full disclosure is not expensive for them. The longer companies listing on a Stock Exchange most companies already have a website and have been known to the public. Because a company has been listed on a Stock Exchange for a long time, it has more experience in publishing its financial statements and more likely to be supported by the availability of a website (Sulistyanto & Nugrahanti, 2013).

The seventh hypotheses test the effect of auditor's reputation on internet-based financial statement disclosure. The test results show a coefficient -0.023 with t-value of -0.775 and p-value 0.439 which is greater than 0.05, thus the H7 is rejected. Therefore, in the H7, auditor's reputation has no effect on the level of disclosure of financial information through

the Internet. This result does not supported by Amyulianthy (2011) who find that a company that is audited by large public accounting firm is more likely to disclose more information (high level of disclosure). But, because the users of financial statements information via the website do not understand the role of the auditor, So the auditor is not a determining factor in the disclosure of financial and non-financial information on a company's website. Generally, auditor is responsible for the financial statements are published on the company but not responsible in internet-based financial statement disclosure, the administrator of company's website did not understand the role of the auditor in the disclosure of financial information based on the company's website internet.

The eighth hypotheses test the effect of performance and auditor's reputation with internet-based financial statement disclosure. The results of hypothesis tests show the coefficient value of 0.185 with t-value 0. and p value of 0.249 which is greater than 0.05, thus the H8 is rejected. Therefore, there is no effect of performance and auditor's reputation on the level of internet-based financial disclosure in H8. The results show that auditor's reputation does not related to company performance and it has no effect on Internet-based financial statement disclosure. Only a few studies discussing the relevance of performance companies audited by the Big Four on the Internet financial report, generally the company performance is not only influenced by the internal and external auditor but with managers. The administrator of the company's website underutilization auditor in the disclosure of financial statements based on the internet. It indicates that auditor's reputation does not necessarily affect a company's performance in disclosing financial and non-financial information through company's website.

CONCLUSIONS

The data analysis used is multiple linear regression analysis, this study has fulfilled the normality, multicollinearity, and autocorrelation test but does not fulfill the heteroskedasticity test because the dependent variable used has a limitation to the 2014 year. The

Variables of profitability, performance, growth, age, auditor's reputation and firm performance audited by big four in this study negatively affect the level of internet-based financial disclosure. While the variables of leverage and size this study have a positive effect on internet-based financial disclosure.

RECOMENDATION

Based on the limitations of the study, suggestions for the future research is: (1) Extend the period of study, so the progress between each year can be compared; (2) The sample diversity is needed to determine the application of the financial information disclosure on the Internet based on the type of the companies; (3) Adding the independent variables, which can affecting the dependent variables such as external variables and the corporate environment; (4) Add items as a benchmark or index to make the dependent variable become more valid, qualified and being in accordance with the development of websites and internet technology.

LIMITATIONS

The limitations of this study are: (1) This study only focused on financial companies, that are less representative of another industry types; (2) This study is lack of external variable, this research focused on analyzing the influence of internal variables; (3) This study only used one year as period in dependent variable and need an extended year for reducing the bias over the quality and quantity of the website measurement, so the website can be compared between years; (4) The index is developed by Basuony & Mohamed (2014), Ariza & Turrent (2012) and Popa, Blidisel, & Pop (2008) this index does not give a detailed description of the items which lead to a subjectivity in determining the value.

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