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Analysis of the Influence of the Amount of Aid Funds, Regulations, and the Size of Political Parties on the Compliance of Financial Information Disclosure via the Internet (Internet Financial Reporting)

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Internet Financial Reporting; Disclosure Compliance; Political Party Assistance Fund; Regulation; Size of Political Party; Binary Logistic Regression.

Abstract
This research aimed to empirically examine the influence of the amount of assistance funds, regulations, and political party size on compliance with Internet-based financial information disclosure (Internet Financial Reporting [IFR]) among national political parties in Indonesia, as well as to test the moderating role of political party size. This study employed a quantitative causal-associative design using Binary Logistic Regression on 45 panel observations from nine national political parties during the 2020–2024 period, selected through purposive sampling. Data were obtained from BPK audit reports, KPU decisions, and official party websites, and analyzed using EViews 9. The results showed that the amount of assistance funds had a positive and significant effect on IFR disclosure compliance, with a coefficient of +30.5824 and a p-value of 0.0369, while regulations did not have a significant effect, with a coefficient of +0.1600 and a p-value of 0.8157. Political party size had a positive and significant effect on IFR disclosure compliance, with a coefficient of +146.3055 and a p-value of 0.0436. Furthermore, political party size moderated the relationship between assistance funds and IFR disclosure compliance, with a negative moderating effect indicated by a coefficient of −6.3926 and a p-value of 0.0406. The model produced a McFadden R-squared value of 0.1793 and a prediction accuracy rate of 64.44%. These findings indicate that IFR compliance is influenced by stewardship responsibilities and public visibility pressures, whereas formal regulations alone are insufficient to encourage substantive behavioral changes. The negative moderating effect suggests the presence of diminishing returns and potential bureaucratic inertia within larger political parties.

INTRODUCTION

The existence of political parties within a democratic system requires a comprehensive accountability mechanism, particularly in the management of financial resources (Papadopoulos, 2023; Zolak Poljašević et al., 2025). As non-profit entities that manage public funds, political parties have a significant stewardship responsibility to ensure that every rupiah sourced from the State Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Negara [APBN]) is managed transparently (Mardiasmo, 2018). Within the context of public sector accounting, disclosure compliance is not merely the fulfillment of administrative obligations but also an essential instrument for maintaining institutional integrity and public trust. Casal Bértoa, Heapy-Silander, and Lynge (2024) affirmed that political party financial transparency plays a strategic role in the process of party institutionalization and in strengthening the quality of democracy.

The obligation of political parties to disclose the use of assistance funds represents a concrete form of financial accountability mandated by law. From a regulatory perspective, the financial transparency of political entities is explicitly regulated in Law Number 2 of 2011 concerning Amendments to Law Number 2 of 2008 concerning Political Parties. Article 39 requires political parties to prepare periodic financial statements that are audited by the Audit Board (Badan Pemeriksa Keuangan [BPK]) and made available to the public. As public entities receiving state budget funds, political parties are also subject to Law Number 14 of 2008 concerning Public Information Disclosure (Keterbukaan Informasi Publik [KIP]), which requires the regular and proactive provision of financial information. Consistent with this legal framework, Saputri, Pujiningsih, and Utami (2024), in their study of 34 provincial governments in Indonesia, found that many public sector entities still do not publish complete financial statements on their official websites, despite digital transparency being a major objective of Indonesia's e-government initiatives since Presidential Instruction Number 3 of 2003. A comparative study by Wiltse, La Raja, and Apollonio (2019) involving more than 120 countries further demonstrated that political party funding regulations and levels of financial openness vary across different political systems.

However, empirical evidence indicates that compliance levels remain a critical issue. Rahmatika (2021) highlighted that although BPK has published political party campaign fund audit reports through the General Election Commission (Komisi Pemilihan Umum [KPU]) website, many members of the public still lack sufficient understanding of the reported information. Similarly, Mandasari and Sayidah (2023), in their study at the East Java KPU, found that among 16 political parties participating in the 2019 election, only 44% were declared compliant without exceptions, while the remaining 56% were declared compliant with exceptions. More recently, Yofiansyah and Sari (2024) found that political party liaison officers at the regional level still lacked a complete understanding of the guidelines stipulated in General Election Commission Regulation (Peraturan KPU [PKPU]) Number 18 of 2023, resulting in inaccurate transaction recording and reporting. Saputri et al. (2024) reinforced these findings by demonstrating that many provincial governments in Indonesia still do not upload complete financial statements on their official websites despite existing government regulations and accounting standards (Standar Akuntansi Pemerintahan [SAP]). The disparity between reporting compliance to authorities and transparency toward constituents creates substantial information asymmetry.

To address this gap, disclosure media capable of reaching principals broadly are required. In this context, the use of official websites as the primary channel for implementing the principle of full disclosure plays a crucial role (Debreceny, Gray, & Rahman, 2002). In the study by Saputri et al. (2024), the dependent variable was measured using a dummy variable, where a score of 1 was assigned if local governments published seven complete financial reports based on SAP on their official websites, and a score of 0 was assigned otherwise. This dummy measurement approach is relevant for adaptation to the context of political parties, which are also public entities with disclosure obligations. Casal Bértoa et al. (2024) specifically emphasized that financial openness presented through official websites represents one of the most concrete indicators of institutional commitment to a healthy democracy.

Theoretically, disclosure compliance behavior can be examined through Agency Theory proposed by Jensen and Meckling (1976). The public, as taxpayers, acts as the principal that provides a mandate through the allocation of funds to political parties as agents. Within this relationship, agency problems may arise because agents may not always report the use of funds accurately or transparently (Eisenhardt, 1989). Saputri et al. (2024) confirmed that, in the context of Indonesian local governments, information asymmetry between public officials as agents and citizens as principals increases the need for greater transparency. Financial report disclosure through the internet therefore functions as a bonding mechanism that enables entities to demonstrate accountability while reducing monitoring costs borne by the community (Marston & Polei, 2004).

Several factors are considered to influence the level of disclosure compliance. The first factor is the amount of assistance funds received. From an accounting perspective, the volume of resources managed by an entity determines its degree of accountability. The greater the amount of financial assistance received from the state, the greater the moral and legal responsibility to demonstrate transparency to the public. Significant allocations of state budget funds should be accompanied by proportional disclosure as a form of accountability for the management of public resources (Watts & Zimmerman, 1986). Casal Bértoa and Spirova (2019), in their study of political parties in post-communist democracies, showed that access to public subsidies influenced party organizational behavior depending on allocation thresholds.

The second factor is the regulatory aspect. A binding legal framework related to financial governance serves as a coercive mechanism that determines the extent to which entities comply with established disclosure standards. Cross-country empirical evidence suggests that the existence of political party funding regulations is closely associated with transparency practices implemented across various political systems (Wiltse et al., 2019; Lipcean & Casal Bértoa, 2024). In the Indonesian context, Yofiansyah and Sari (2024) noted that regulatory updates, such as PKPU Number 18 of 2023 and KPU Decree Number 1677, must be accompanied by effective enforcement to achieve transparency objectives.

The third factor is political party size. Entities with a larger parliamentary presence generally have higher political visibility, resulting in stronger pressure to maintain legitimacy through disclosure compliance. Saputri et al. (2024) demonstrated that local government size, measured using the natural logarithm of total assets, positively and significantly affects financial statement transparency on official websites because larger entities face greater public pressure to disclose information regarding managed resources. A similar logic applies to political parties, as parties with greater parliamentary representation may benefit from economies of scale in accounting human resources and digital reporting infrastructure (Marston & Polei, 2004). Wood (2023), in research on political behavior, emphasized that information regarding compliance and transparency in party funding influences voter evaluations of political actors. A brief observation of the official portals of nine national political parties that passed the parliamentary threshold during the 2020–2024 period revealed different disclosure patterns. Some parties consistently presented assistance fund accountability reports, while others rarely published such information despite operating under the same regulatory framework. This variation suggests that IFR compliance is influenced not only by external pressures but also by internal organizational characteristics, including the resources managed and the scale of the entity.

Based on the complexity of accountability demands and information asymmetry described above, this study aimed to empirically examine the influence of the amount of assistance funds, regulations, and political party size on compliance with Internet-based financial information disclosure (Internet Financial Reporting [IFR]) among national political parties in Indonesia, while also testing the moderating role of political party size. This research was expected to provide both theoretical and practical contributions. Theoretically, this study contributes to the development of public sector accounting literature, particularly regarding the application of Agency Theory, Legitimacy Theory, and Institutional Theory within the context of political entities in Indonesia. It also enhances understanding of the determinants of digital financial transparency in the non-profit public sector. Practically, the findings may serve as a reference for policymakers, particularly the government and the General Election Commission (Komisi Pemilihan Umum [KPU]), in formulating more effective policies to encourage political party financial transparency. Additionally, this research provides valuable input for political parties in improving accountability practices and for the public as a basis for monitoring the use of state funds allocated to political parties.

METHOD

This study employed a quantitative research design with a causal-explanatory approach. The causality approach was selected to empirically examine and explain the direction and significance of the influence of three independent variables—amount of assistance funds, regulations, and political party size—on the dependent variable, namely compliance with Internet-based financial information disclosure (Internet Financial Reporting [IFR]) (Sekaran & Bougie, 2016).

The research design incorporated Moderated Regression Analysis (MRA) within the framework of Binary Logistic Regression. Political party size was tested as a moderating variable to determine whether it strengthened or weakened the relationship between the amount of assistance funds and IFR disclosure compliance. This study used secondary panel data obtained from official electronic sources, including KPU records, BPK audit reports, and political party websites. The use of secondary data in examining determinants of digital financial transparency has also been applied in previous research, such as Saputri, Pujiningsih, and Utami (2024) in their study of local government financial statement transparency in Indonesia (Sugiyono, 2019).

The target population consisted of national-level political parties that legally participated in general elections in Indonesia. The sample was selected using purposive sampling, a non-probability sampling technique applied to ensure that the selected observations met the research objectives and data availability requirements (Indriantoro & Supomo, 2019).

RESULTS AND DISCUSSION

Results

The core analysis in this study uses the Binary Logistic Regression method — a methodological choice that directly follows the characteristics of the bound variables in the form of dummies. Parameter estimation was carried out through Maximum Likelihood Estimation (MLE) with Newton-Raphson and Marquardt iterations available on EViews 9. The selection of this technique is in line with the practice applied by Nakai, Yoshida, and Akhtar

(2025) when estimating the determinants of voluntary disclosure in cross-company studies using quarterly data from 2009–2024. The estimated output can be seen in Table 1.

Table 1. Binary Logistic Regression Estimation Results

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-701,2139	336,1002	-2,0863	0,0369
LNDANA (X1)	30,5824	14,6582	2,0864	0,0369
REGULATION (X2)	0,1600	0,6862	0,2331	0,8157
LNKURSI (X3)	146,3055	72,5059	2,0178	0,0436
LNDANA*LNKURSI	-6,3926	3,1220	-2,0476	0,0406

Source: Secondary data processed using EViews 9, 2026

The Binary Logistic Regression equation obtained from the results of the estimation in Table 1 can be written as follows.

$$\ln[P(Y=1)/(1-P(Y=1))] = -701.2139 + 30.5824\ X1 + 0.1600\ X2 + 146.3055\ X3 - 6.3926\ (X1 \times X3) + \varepsilon$$

The next stage is to validate the feasibility of the model through a series of goodness of fit tests, including the McFadden R-squared Test, the Likelihood Ratio Test, the Hosmer-Lemeshow Test, and the Expectation-Prediction Evaluation Test. The results of this test will also be the basis for determining whether the model is suitable for partial hypothesis testing.

1. McFadden R-squared Test

The model's estimate yields a McFadden R-squared value of 0.1793. This figure implies that approximately 17.93% variation in the probability of compliance with the disclosure of political parties' financial information can be explained by a combination of the variables of the Amount of Assistance Funds, Regulations, Size of Political Parties, and the variables of moderation interaction.

The remaining 82.07% is sourced from other factors outside the model. Hosmer, Lemeshow, and Sturdivant (2013) noted that the McFadden R-squared for the logit model generally has a lower value than the R^2 in the OLS regression, so the achievement of 0.1793 already reflects an adequate level of model fit for the context of Binary Logistic Regression.

2. Likelihood Ratio Test (Simultaneous Test)

The estimated output displays a statistical LR with a probability of 0.0249. Since the probability is smaller than the significance level of $\alpha = 0.05$, it can be concluded that the four independent variables — Amount of Aid Funds, Regulation, Political Party Size, and Moderation Interaction Variables — simultaneously have a significant effect on Financial Information Disclosure Compliance via the Internet. In other words, the estimated regression model was declared to be simultaneously significant at a confidence level of 95%.

3. Hosmer-Lemeshow Test (Goodness of Fit)

The Hosmer-Lemeshow test is a typical testing instrument that is designed to check the compatibility of the Binary Logistic Regression model with observational data (Hosmer et al., 2013). The test results are presented in Table 2.

Table 2. Hosmer-Lemeshow Test Results

Statistics	Value	df	Prob. Chi-Sq
H-L Statistic	4,6200	8	0,7973
Andrews Statistic	13,2334	10	0,2109

Source: Secondary data processed using EViews 9, 2026

Reading Table 2, the probability of the Hosmer-Lemeshow statistic reaches 0.7973 — a figure that is well above $\alpha = 0.05$. This result means that H_0 is accepted, which implies that there is no significant difference between the model's predicted value and the actual observational value. In other words, the Binary Logistic Regression model built is indeed fit with the data so that the assumption of goodness of fit is met.

4. Expectation-Prediction Evaluation Test

This test assesses the extent to which the model is able to accurately predict observations. By setting the cutoff probability at 0.5, the classification results are presented in Table 3.

Table 3. Expectation-Prediction Evaluation Test Result

Classification	Dep=0	Dep=1	Total
P(Dep=1)≤0,5	13	5	18
P(Dep=1)>0,5	11	16	27
Total	24	21	45
Correct	**13**	**16**	**29**
% Correct	**54,17%**	**76,19%**	**64,44%**

Source: Secondary data processed using EViews 9, 2026

Reading Table 3, the Binary Logistic Regression model was able to predict 29 out of 45 observations precisely — equivalent to a total accuracy of 64.44%. The accuracy of predictions for compliant observations (Dep=1) reached 76.19%, while the accuracy of non-compliant observations (Dep=0) was at 54.17%. The achievement of total accuracy exceeding the 60% threshold indicates that the model has good classification capabilities (Hosmer et al., 2013), making it suitable for use as a basis for hypothesis testing.

5. Partial Significance Test (z-Statistic Test)

A partial test is required to test the significance of the influence of each independent variable on the individually bound variable. Decision making was done by comparing the z-statistic probability to $\alpha = 0.05$ — an accepted hypothesis when the probability value is less than the significance threshold. A summary of the decision-making for each hypothesis is presented in Table 4.

Table 4. Summary of Partial Test Results and Hypothesis Decision Making

Hypothesis	Variable	Coefficient	Prob.	Directions	Verdict
H1	Relief Fund (X1)	+30,5824	0,0369	Positive	ACCEPTED
H2	Regulation (X2)	+0,1600	0,8157	Positive	REJECTED
H3	Party Size (X3)	+146,3055	0,0436	Positive	ACCEPTED
H4	Moderation (X1×X3)	-6,3926	0,0406	Negatives	ACCEPTED

Source: Secondary data processed using EViews 9, 2026

The four hypothetical decisions that can be drawn from Table 4.8 are described as follows. The first hypothesis (H1) concerns the amount of Assistance Funds. This variable has a z-Statistic of 2.0864 with a probability of 0.0369 which is smaller than α = 0.05. Positive coefficient

of 30.5824 indicates a positive and significant direction of influence. H1 is thus accepted.

The second hypothesis (H2) tests the role of Regulation. The Z-Statistic for this variable is only 0.2331 with a probability of 0.8157 — far beyond α = 0.05. Because it is not statistically significant, H2 is rejected.

The third hypothesis (H3) concerns the size of political parties. The Z-Statistic of 2.0178 with a probability of 0.0436 indicates a significance that crosses the 0.05 threshold. A positive coefficient of 146.3055 confirms the direction of positive and significant influence, so H3 is accepted. The fourth hypothesis (H4) relates to the effect of moderation. The interaction variable of the Relief Fund × Party Size has a z-Statistic of -2.0476 with a probability of 0.0406 which is smaller than α = 0.05. The negative coefficient of -6.3926 indicates that the Size of Political Parties does moderate the influence of the Amount of Assistance on Disclosure Compliance, but the direction of moderation is weakening. H4 was accepted, with the note that the moderation that occurred was negative quasi moderation.

The fourth hypothesis (H4) relates to the effect of moderation of Political Party Size on the relationship between Aid Fund Size and IFR Disclosure Compliance. The interaction variable of LNDANA × LNKURSI has a z-Statistic of -2.0476 with a probability of 0.0406 which is less than α = 0.05. The negative coefficient of -6.3926 indicates that the Size of Political Parties does moderate the influence of the Amount of Assistance Funds on Disclosure Compliance, but in a weakening direction. H4 is thus accepted, noting that the moderation that occurs is quasi-negative moderation — the positive influence of the Relief Fund on IFR Compliance actually weakens as the size of the Political Party increases.

The Effect of the Amount of Grant Funds on IFR Disclosure Compliance

The test results showed that the Amount of Assistance Fund had a positive and significant effect on the Compliance of Financial Information Disclosure via the Internet at a confidence level of 95% (coefficient 30.5824; prob. 0.0369). This finding accepts H1 and is consistent with the perspective of Agency Theory formulated by Jensen and Meckling (1976). The basic logic is quite clear — the greater the public funds entrusted to agents (political parties), the higher the demands of accountability that must be accounted for to the principal, in this case the public as the taxpayer.

Political parties that receive large amounts of funds basically face higher political costs, as formulated by Watts and Zimmerman (1986). To reduce public pressure on the use of state money, the party will be encouraged to increase the disclosure level through digital channels. This mechanism functions as a bonding mechanism — a kind of self-proof to constituents that the funds managed are indeed handled accountably according to the mandate (Debreceny, Gray, & Rahman, 2002).

This argument has received strong support from the latest international literature in the realm of party politics. Casal Bértoa, Heapy-Silander, and Lynge (2024) in a study published in Policy Studies assert that political parties that receive public funds on a large scale are indeed faced with higher expectations of transparency — and such transparency in turn helps to strengthen party institutionalization while supporting the quality of democracy. In line with that, Casal Bértoa and Spirova (2019) previously also showed that party access to state subsidies directly affects the behavior pattern of the party organization itself, so that the amount of aid funds is not a neutral variable. In the Indonesian context, Rahmatika (2021) and Mandasari and Sayidah (2023) show that the volume of campaign funds managed by political parties correlates with public demands for more transparent accountability.

What are the practical implications of this finding? For policymakers, this result gives a positive signal that the provision of state aid funds to political parties does have the expected side effect — namely encouraging transparency. However, to optimize this effect, it would be better if the disbursement of funds in the future was accompanied by a mandatory clause for the publication of financial statements digitally as a prerequisite. In other words, the increase in state budget assistance funds should be seen as an instrument equipped with inherent accountability requirements.

Regulatory Impact on IFR Disclosure Compliance

The test results actually showed a surprise in the regulatory variable which turned out to have no significant effect on IFR Disclosure Compliance (coefficient 0.1600; prob. 0.8157). These findings do not support H2 and are an exception to the theoretical expectations of DiMaggio and Powell's (1983) Institutional Theory, which actually predicted that coercive isomorphism encourages adherence.

There are at least three possible explanations that can be explored. First, although formal rules related to political party financial reporting are available and frequently updated from time to time, the quality of enforcement against political parties in Indonesia is still weak. Mere regulatory reform without being accompanied by effective strengthening of sanctions does not automatically drive party compliance behavior. This argument is reinforced by the replication study of Lipcean and Casal Bértoa (2024) which emphatically found that political finance reform does not automatically reduce corrupt practices — its effectiveness depends heavily on the quality of implementation instruments on the ground. In line with these findings, Yofiansyah and Sari (2024) documented that although PKPU Number 18 of 2023 has been issued with clear guidelines, political party liaison officers have not fully understood the substance of the regulation, so reporting is superficial just to avoid formal sanctions.

The second explanation rests on the characteristics of the regulations that have existed so far. Most regulations are still focused on reporting obligations to the authorities (BPK and KPU), while disclosure obligations to the public via the internet are relatively minimal. Since the bound variable in this study specifically measures publications on party websites — not the submission of documents to the authorities — it is not surprising that formal regulatory variables fail to capture their influence on these dimensions. Wiltse, La Raja, and Apollonio (2019) in their comparative study of the typology of political party funding in more than 120 countries noted the same thing — party funding regulations tend to be strong in the reporting dimension to the state, but weak in the more substantive dimension of public disclosure.

The third explanation is that there is a possibility that the regulatory effect is lag — that is, it takes time to realize. Political parties need a pause to adjust their HR infrastructure and accounting information systems in response to the new rules, so that their influence is not immediately caught in the same year. Mandasari and Sayidah (2023), who examined the compliance of political parties in the East Java KPU, also found a similar pattern — 56% of the 16 political parties in the 2019 election were still in the category of compliance with exceptions, even though they all operated under the same regulatory umbrella.

The synthesis of these three explanations leads to one clear implication. A policy approach to political parties' IFR compliance is not enough just by issuing new rules. What is more needed is to strengthen the internal capacity of political party organizations along with more substantive sanctions, so that regulations do not stop at the formal level on paper.

The Effect of Political Party Size on IFR Disclosure Compliance

The Political Party Size variable was proven to have a positive and significant effect on IFR Disclosure Compliance (coefficient of 146.3055; prob. 0.0436). This finding accepts H3 and is in line with the Political Cost Hypothesis within the framework of the Legitimacy Theory developed by Suchman (1995).

The logic behind these findings is relatively easy to understand. Political parties with a broad base of House seats are under much more intense public and media scrutiny. This visibility pressure makes the legitimacy gap a real risk if compliance is not maintained. To maintain a social contract with such a broad constituency, large parties are indeed required to display more open financial governance than small parties. Wood (2023) in his study in Political Behavior concluded that voters in primary elections actually integrate considerations of transparency and compliance into the decision to choose a candidate — even when the candidate already shares the respondents' preferred policy position. The implications for large parties are clear: the political incentive to comply with financial transparency is much stronger than for small parties.

From a managerial point of view, economies of scale also contribute. Large political parties have more adequate financial capacity and human resources to build reliable IFR infrastructure, ranging from the recruitment of qualified accountants to the development of digital-based accounting information systems. This argument is corroborated by a series of international findings. Debreceny, Gray, and Rahman (2002) at the cross-country level, Marston and Polei (2004) in the context of German corporations, Pinto and Ng Picoto (2016), Khlifi (2022) in Tunisia, to Pieper, Ottenstein, and Zülch (2023) on listed companies in Europe—all consistently find entity size to be the most powerful determinant of the quality of internet disclosure. This research extends this generalization to the context of political entities in Indonesia.

The practical implications are quite clear. Regulators need to pay special attention to small-scale parties that are more vulnerable to weaknesses in IFR compliance. This form of attention can be in the form of technical assistance, accounting HR training, or special incentives to build digital accounting infrastructure. Thus, the capacity gap between political parties can be reduced and public accountability can be enforced more evenly.

The Role of Political Party Size Moderation on the Relationship between Aid Funds and Disclosure Compliance

The results that appear in this fourth hypothesis are worth underlining because the findings differ from initial expectations. The interaction variable of the Aid Fund × Party Size did have a significant effect (coefficient -6.3926; prob. 0.0406), but the coefficient was negative. Statistically H4 is acceptable, but the direction of moderation is debilitating — not strengthening as initially assumed.

The H4 hypothesis is actually built on the basis of the Resource-Based View of

Wernerfelt (1984) and Barney (1991), which states that the resource capacity of major parties should optimize their response in converting aid funds into real disclosure actions. But empirical results show the opposite pattern — the positive effect of aid funds on compliance weakens as party size increases.

Two complementary perspectives can be offered to understand this phenomenon. First, the symptoms of diminishing marginal returns from additional resources. For small-scale parties, aid funds are a relatively more valuable resource and are directly the main driver for building disclosure infrastructure. Any additional funds tend to be allocated to transparency instruments. On the other hand, for major parties that already have many alternative sources of funding — ranging from membership dues with a broad cadre base, legal corporate contributions, to contributions from cadres who hold executive and legislative positions — additional state budget assistance funds are no longer the main determinant of publication decisions. The marginal influence decreases, so the interaction of the two results in a negative coefficient.

The second explanation rests on the symptoms of bureaucratic inertia. Very large-scale political parties with a broad management structure up to the DPC level in various regions tend to experience bureaucratic inertia that hinders a quick response to the flow of resources into concrete transparency actions. The decision to publish financial statements must go through a multi-layered organizational hierarchy, so the process is often stalled. Medium-sized parties with a slimmer structure actually have an advantage in translating aid funds into transparency initiatives. This pattern can be seen empirically in the study subjects — PDIP, as the party with the most DPR seats, actually shows the lowest level of compliance, while Gerindra, PKS, and PAN, whose structures are more efficient, display consistent compliance.

These negative moderation findings make an interesting contribution to the literature. Yulzam and Hardi's (2025) research on political party campaign funds in Pekanbaru found that internal control as a moderation variable has a positive effect on compliance. The differences in patterns that emerged in this study — where organizational size actually acts as a negative moderator — imply the peculiarities of Indonesia's national political parties, which are rooted in the bureaucratic complexity of large-scale political organizations. Casal Bértoa et al. (2024) did underscore the importance of financial transparency for party institutionalization, but this study adds a new nuance—that at a certain level of organizational scale, structural capacity can actually turn into an obstacle. Ultimately, policy interventions to improve the financial transparency of political parties cannot be uniform for all parties, but rather need to consider the characteristics of the scale and organizational structure of each entity.

CONCLUSION

The amount of assistance funds had a positive and significant effect on compliance with Internet-based financial information disclosure (Internet Financial Reporting [IFR]) (coefficient = +30.5824; p-value = 0.0369), supporting H1 and providing empirical validation of Agency Theory in the context of political parties. Regulations did not have a significant effect on IFR disclosure compliance (coefficient = +0.1600; p-value = 0.8157), rejecting H2 and highlighting the gap between formal regulatory frameworks and their implementation in practice. Political party size had a positive and significant effect on IFR disclosure compliance (coefficient = +146.3055; p-value = 0.0436), supporting H3 and confirming the Political Cost Hypothesis. Political party size also moderated the relationship between the amount of assistance funds and IFR disclosure compliance, with a negative moderating effect (coefficient = −6.3926; p-value = 0.0406), supporting H4 and indicating the presence of diminishing marginal returns and potential bureaucratic inertia in larger political parties.

Simultaneously, the four variables had a significant effect on IFR disclosure compliance (likelihood ratio probability = 0.0249; McFadden R^2 = 0.1793; prediction accuracy = 64.44%). This study contributes to public sector accounting literature by extending the application of Agency Theory, Legitimacy Theory, and Institutional Theory to the context of political entities in Indonesia. Based on these findings, policymakers are encouraged to strengthen enforcement mechanisms and provide technical assistance to smaller political parties to reduce compliance disparities. Regulators should consider shifting the focus of transparency policies from merely reporting to authorities toward mandatory public disclosure through official websites, while implementing progressive compliance incentives rather than uniform sanctions. Future research is recommended to expand the sample by including regional political parties and incorporating additional variables, such as internal control systems and digital infrastructure capacity.

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