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MODEL OF BUREAUCRATIC CORRUPTION PREVENTION

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ABSTRACT

The Corruption Perception Index in Indonesia in 2018 is ranked 89th out of 180 countries, far below Singapore, which is in third place and Malaysia at 61st. Therefore, this study aimed to find a model for preventing corruption in government agencies using the independent variables: Organizational Culture (X1), Competence (X2), Leadership (X3), and Internal Control (X4). This research employed quantitative methods (survey), and data analysis uses correlation analysis and multiple regression with the help of the SPSS software program. The number of the target population involved 357 people (employees of government financial institutions), and 100 people were taken randomly as samples. The results showed that: a) the corruption prevention model in government agencies was Y = 1.507 + 0.878 X1-0.365 X2-0.282 X3 + 0.401 X4; b) the variable of organizational culture (X1), competence (X2), leadership (X3), and internal control simultaneously had an R2 value of 0.471, meaning that this variable contributed 47.1% to corruption prevention and the remaining 52.9%. % referred to other factors; c) organizational culture (X1) and internal control (X4) had a dominant effect on corruption prevention (Y); d) competence (X2) and leadership (X3) negatively affected the corruption prevention. This study contributed to lowering the corruption perception index by strengthening organizational culture and internal control, while strengthening competence and leadership must be followed by anti-corruption awareness.

Contribution/ Originality: This study document is a research document of lecturers at the University in an effort to contribute scientific thinking to help solve various problems of people's lives that can be utilized by governments or other institutions in need.

1. INTRODUCTION

Indonesian Corruption Eradication Commission (henceforth referred to as KPK) on November 30th, 2017, reported the recapitulation for the progress of corruption cases in Indonesia as follows: 114 cases were on the investigation stage, 118 cases were on the advance investigation stage, 94 cases were on the litigation stage, 73 cases were legally binding, and 114 cases were executed. The total corruption cases reported by KPK from 2004 to 2017 were 962 cases investigated, 685 cases in the advance investigation stage, 550 cases in the litigation stage, 463 cases had legally binding sentences, and 490 cases were executed. Corruption cases handled by KPK from 2015 to 2017 showed an increasing tendency (see Table 1).

638

Table-1. Recapitulation of corruption cases for the period of 2015-2017.

Cases	2015	2016	2017	Total
Investigation	87	96	114	297
Advance Investigation	57	99	118	274
Litigation	62	76	94	232
Legally Binding	37	70	73	180
Total	243	341	399	983

Source: Anti-Corruption Clearing House (November 30th 2017).

Indonesia Corruption Perception Index (CPI) is continuously improving. This is proven by the improvement of the score; the score was 36 in 2015, 37 in 2016, and 38 in 2018, with the scoring range of 0-100, where 0 was very worth, and 100 referred to free of corruption. Indonesia CPI in 2018 was on the 89th rank out of 180 countries, whereas in 2014, Indonesia was on the 114th rank out of 176 countries. This rank was far behind the neighboring countries, such as Singapore (3rd rank), Brunei (31st rank), and Malaysia (61st rank). Somalia sat on the lowest position on the 180th rank with a score of 10. The current condition for corruption prevention in Indonesia is way better than it was in 2014. To improve Indonesian position to be similar to Malaysia with a score of 47, sustainable and broader efforts to prevent corruption need to be done. In the ASEAN region, Indonesia is still better than the Philippines and Thailand (both were in the 99th rank), Timor-Leste (105th), Vietnam (117th), Myanmar and Laos (132nd), and Cambodia (161st).

Previous research on bureaucratic corruption has mostly analyzed the factors that influence corruption and the impact of corruption. A study by Tanzi (1998) reports several areas of research, such as:

a. Demand corruption: regulation and authorization, characteristics of the tax system, spending decision, provision of goods and services at below-market prices.

b. Supply corruption: bureaucratic tradition; the level of public sector wage; the penalty systems; institutional control; transparency of the rules, laws, and processes; the examples set by the leadership.

Melgar, Rossi, and Smith (2010) add some research areas below:

a. Religion and religiosity.

b. Labor market.

c. Human capital.

d. Other socio-demographic variables.

e. Other variables (urban, state democracy).

While in Menocal and Taxell (2015) the study areas are as follows:

a. Bureaucratic incentive.

b. Compensation and wage level.

c. State and market.

d. Involvement of the state in the economy.

e. Weak institution.

Soseco (2012) lists additional research areas, such as:

a. Per-capita income drive to high corruption level.

b. Geographic analysis.

From the above discussion, the researchers consider it necessary to examine efforts in preventing corruption in a strategic bureaucratic institution by analyzing resources (competence), organization (internal control, leadership), and culture (organizational culture). Despite their importance, only a few have conducted a study on the aspects mentioned previously in the corruption prevention policy. This notion signifies that such a gap has to be investigated.

Cressey (1973) wrote that corruption can be caused by pressure, motivation, and realization. The diversity of pressures to commit corruption included debt/liability to pay, greed, a challenge to play or gamble or strong

willingness to fight against the system, dissatisfaction towards salaries. Kolstad et al. in Menocal and Taxell (2015) explain that the term "corruption" refers to the misuse of resources or power for private gain. Further, Transparency International defines corruption as "the abuse of entrusted power for private gain. Menocal and Taxell (2015) in the UN Convention Against Corruption (UNCAC) promoted that the idea does not prescribe a single definition of corruption. In general, corruption is classified as political corruption and bureaucratic corruption. In this study, the research object is bureaucratic institutions, so that what is meant by corruption is bureaucratic corruption. Bureaucratic corruption occurs during the implementation of public policies that involve bureaucrats and public administration staff at the central or regional levels, meaning that the corruption that occurs is an act involving those who apply predetermined rules that should be obeyed. Corruption can include transactions between bureaucrats and private agents (e.g., contracted service providers) with additional payments for the provision of government services, payments to speed up bureaucratic procedures or pay bribes to enable actions that violate rules and regulations. Corruption also includes interactions within the public bureaucracy, such as the payment or acceptance of a bribe or bribe to get a position or get a promotion, or mutual benefit. This type of corruption is often referred to as "petty corruption", reflecting frequent small payments - even though the overall amount may be large. Blackburn et al. in Melgar et al. (2010) consider that corruption in the public sector is taking action against the law or illegally by taking advantage of its position to gain benefits for their personal interests. Tanzi (1998) said that the most popular and simplest definition of corruption is that it is *the abuse of public power for private benefit*. This is the definition used by the World Bank.

According to Griffin, Phillips, and Gully (2017) organizational culture is a system of norms, values, and a set of assumptions that guides the attitude and behavior of organizational members (and determine the perspective of the members regarding the environment). Organizational culture may enhance organizational performance if it is relevant to the strategy and emphasizes innovation changes in a dynamic business environment. Organizational culture factors can strengthen the business strategy and provide competitive advantages for the organization, thus boosting the organizational capacity to prevent corruption. Generally, not everyone has the motivation, possibility, and realization to decide whether or not to commit corruption. However, it is often that due to the level of one's aptitude or due to the height of one's competence, one could commit corruption (as one considered himself as most knowledgeable). Budiningsih, Soehari, and Ahmad (2017) define competency as the individual working ability, consisting of knowledge, skill, and work attitude. These aspects describe the motives, personal characteristics, self- concept, values, knowledge, expertise/skills that are applicable in various situations and sustain for a long time. Further, such aspects are of paramount importance and applicable in various situations. According to Shermon (2011) the competency factor is a characteristic of a person that allows the individual to produce the best performance. Competence has a dual meaning: a person's ability to perform to his best in his area of expertise and something that one needs to perform effectively.

Mention that the leadership elements comprise intelligence, friendliness, honesty, trustworthiness, responsibility, being able to clearly express thoughts, being passionate, and having good morale. Soehari and Budiningsih (2020) in their study, opine that to support the eradication of corruption in an organization, a managerial leader must have several qualities: smart, sociable, confident, honest, trustworthy and responsible, motivating others, expressing thoughts clearly and concisely, passionate, respecting morality, focusing on internal control, anticipatory and good institutional governance, and being a decentralized leadership. A managerial and centralized leader is a person who prioritizes coercion that has an impact on legal aspects, such as:

a. Unclear rules and conditions that cause confusion and ambiguity for any violations committed by all organization members.
b. Inconsistent application of sanctions for violations.
c. Premature investigations, fact-finding, and conclusions are prone to biased decisions in the application of the law.

> d. Unclear legal procedures, subjective perspective on a case, lack of credibility.
>
> e. Lack of justice and legal equality.

The above research results can serve as a guideline for institutions or organizations in boosting their competitiveness and assisting the implementation of prevention or eradication of corruption. Such tasks involve prioritizing organizational culture and implementing strict organizational ethics in an organization. A leader of a managerial organization must implement clean and good institutional governance related to the application of organizational culture and ethics. Provided below are some organizational ethics that need to be improved:

> a. Every human resource in an organization must follow job descriptions accurately and be sensitive to potential deviations.
>
> b. Employees in all work units of the organization must carry out their work based on reliable analysis.
>
> c. Employees are also required to pay attention to job details for easy monitoring and evaluation.
>
> d. Employees in all work units of the organization must ensure transparent and responsible processes, management, and provision of facilities.
>
> e. All leaders in each work unit must consider the impact or results of improving organizational performance in any decision-making process.
>
> f. All leaders in each work unit are encouraged to apply empowerment and enabling approaches regarding operational work implementation.

Examples of such approaches are mentoring, coaching, team learning (learning with other people), or teamwork. All of these processes involve the participation of fellow leaders or employees or between leaders and employees. Malakyan (2020) argues that in the digital era, the problem of abuse of power and position leads to corruption, the growth of selfish and narcissistic human instincts that destroy leaders, society, and even the world. Leadership should not focus on leaders, but rather on the process of leading, including optimal checks and balance. Another phenomenon in the digital age is a lack of appreciation for followers. A leader often forgets to teach their subordinates the essence of being a responsible employee. As a result, the subordinates are easily misled, manipulated, or even deceived by the leader. Therefore, it is necessary to teach how to be a good subordinate and practice at schools because employees are agents of change and holders of power in the digital era, thus optimizing the leaders' performance.

According to Werther and Davis (2006) the internal control factor in public financial institutions is very strategic as it serves as the corruption prevention instrument. The internal control was administered to:

a. Identify who is responsible for each activity.

b. Determine the objectives of the activity that the leader pays attention to.

c. Review policy and procedure employed to achieve objectives of the activity.

d. Prepare report, policy, and appropriate recommendation.

e. Develop action plans to improve objective, policy, and procedure.

f. Follow up the action plans as the solution to the problems identified during the monitoring.

The internal control is about identifying who is responsible for each activity. Other functions of the control include setting the objective of monitoring activity, reviewing policy and procedure to achieve the activity's objective, preparing an objective report on recommendation, policy, and procedure, following up action plans as the solution to a specific problem, and early detection on corruption. From the description above, a study on the extent of influence of these various human capital elements, i.e., organizational culture, capability/competence, leadership, and internal control as instruments for corruption prevention, should have been conducted.

2. RESEARCH METHODS

This study intends to investigate the influence of human capital: organizational culture (X_1), competence (X_2), leadership (X_3), and internal control(X_4) toward corruption prevention (Y). The research method employed in

this study was a quantitative survey method with regression analysis to determine the correlation model between variables X_1, X_2, X_3, and X_4 and Y and correlation analysis to determine the significance of the correlation between variables X_1, X_2, X_3, and X_4 with Y using the SPSS for Windows. This study involved 96 people as the sample selected using the simple random sampling technique. The data were collected from a non-test instrument (questionnaire) with a Likert Scale. The variables in this study were corruption prevention (Y) as the dependent variable and organizational culture (X_1), competence (X_2), leadership (X_3), and internal control (X_4) as the independent variables with the following formula: $Y = a + bX_1 + cX_2 + dX_3 + eX_4 + \epsilon$

Prior to its administration, the validity of the research instrument was examined using the r *Cronbach Alpha* formula. The process involved 30 respondents; meanwhile, the reliability of the instrument was tested using the r *Cronbach Alpha*. The results of the instrument validity and reliability are presented in Table 2 and 3.

Table-2. Validity Test Results for Y, X_1, X_2, X_3, and X_4 Variables.

No	Variable	Number of Valid Instrument	*Cronbach Alpha.* Standard of Validity	Note
1	Corruption Prevention (Y)	16	Above 0.30	Valid
2	Organizational Culture (X_1)	19	Above 0.30	Valid
3	Competence (X_2)	20	Above 0.30	Valid
4	Leadership (X_3)	20	Above 0.30	Valid
5	Internal Control (X_4)	20	Above 0.30	Valid

Table-3. Reliability Test Result for Y, X_1, X_2, X_3 and X_4 Variables.

No	Variable	Count Reliability of the Variable	*Cronbach Alpha.* Standard of Reliability	Note
1	Corruption prevention (Y)	0.837	Above 0.6	Reliable
2	Organizational Culture (X1)	0.924	Above 0.6	Reliable
3	Competence (X2)	0.967	Above 0.6	Reliable
4	Leadership (X3)	0.946	Above 0.6	Reliable
5	Internal Control (X4)	0.937	Above 0.6	Reliable

Before performing the correlation analysis and multiple regression analysis, the requirement tests were carried out. These tests consisted of data normality test, homogeneity test, autocorrelation, and multicollinearity test. In this study, both tests were fulfilled in which the data from Y, X_1, X_2, X_3, and X_4 variables were normally distributed and the Y variance towards X_1, X_2, X_3, and X_4 was homogenous. Moreover, there were no autocorrelation and multicollinearity.

3. FINDING AND DISCUSSION

The results of the regression analysis show that the correlation between the perception of organizational culture (X_1), competence (X_2), leadership (X_3), and internal control (X_4) and corruption prevention (Y) simultaneously produce the multiple correlation coefficient R = 0.686 (see Table 4). This indicates that the correlation among organizational culture (X_1), competence (X_2), leadership (X_3), and internal control (X_4) simultaneously 'positive and moderately significant' to prevent corruption (Y). In addition, the determinant coefficient value (R square) gets 0.471, meaning that the contribution of independent variables (organizational culture (X_1), competence (X_2), leadership (X_3), and internal control (X_4)) with corruption prevention (Y) is 47.10%. The remaining 52.90 % refers to other factors. The results from the analysis of multiple correlation coefficient and determinant coefficient using the SPSS software program are presented in the following Table 4.

Table-4. Multiple Correlations Coefficient X_1, X_2, X_3, X_4 & Y.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.686[a]	.471	.448	.3510539	1.297
a. predictors: organization culture (X_1), competence (X_2), leadership (X_3), internal control (X_4)					
b. dependent variable: corruption prevention (Y).					

The results of variance analysis (ANOVA) regarding the simultaneous correlation among organizational culture (X_1), competence (X_2), leadership (X_3), and internal control (X_4) toward the corruption prevention (Y) is shown in Table 5 and a regression model is provided in Table 6:

Table-5. ANOVA [a].

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.076	4	2.519	20.441	.000[b]
	Residual	11.338	92	.123		
	Total	21.414	96			
a. dependent Variable: corruption prevention (Y)						
b. predictors: organization culture X_1), competence (X_2), leadership (X_3), internal control (X_4)						

Table-6. Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.507	0.36		4.189	0		
	Organization culture	0.878	0.153	0.951	5.758	0	0.211	4.734
	Competence	-0.365	0.135	-0.444	-2.696	0.008	0.212	4.711
	Leadership	-0.282	0.118	-0.305	-2.395	0.019	0.355	2.82
	Internal control	0.401	0.147	0.372	2.731	0.008	0.310	3.23

Below is the formula depicting the multiple linear regression model on the correlation among organizational culture (X_1), competence(X_2), leadership (X_3), and internal control (X_4) simultaneously with corruption prevention (Y) among the employees in the state financial institution; it is based on the results of variance analysis (ANOVA) seen in Table 5 and Table 6:

$$Y = 1.507 + 0.878\ X_1 - 0.365\ X_2 - 0.282\ X_3 + 0.401\ X_4$$

A simultaneous test of F= 20.441 with sig = 0.000 was < 0.05, signifying that all independent variables simultaneously had a significant influence on the dependent variable. The constant (a) within the regression model gets 1.507, with the level of significance Sig = 0.000 < 0.05. Such a result indicates that the constant is significant. The regression coefficient for Organizational Culture (X_1) gets 0.878, sig = 0.000 < 0.05. Simply put, the coefficient significantly and positively influences the corruption prevention. Further, the regression coefficient for Competence (X_2) gets - 0.365, sig = 0.008 < 0.05, meaning that it has a negative but significant influence on corruption prevention. Moreover, the regression coefficient of Leadership (X_3) = -0.282, sig = 0.019 < 0.05; this result indicates a negative and significant influence on corruption prevention. Lastly, the regression coefficient of Internal Control (X_4) was = 0.401 with sig = 0.008 < 0.05, signifying that it positively and significantly influences the corruption prevention. In general, this model implies:

a. The constant value gets 1.507; thus, if the management neglects organizational culture, competence, leadership, and internal control, corruption prevention efforts will be categorized very bad with the score of 1.507 within the scale of 1 - 5.

b. Organizational culture arrives at the highest positive regression coefficient value of 0.878. Hence, organizational culture strongly influences corruption prevention. An increase by 1 point in the organizational culture is followed by an increase in corruption prevention by 0.878. This idea suggests that

corruption prevention policy is prioritized in anti-corruption organizational culture. The results of this study support previous research contained in the IMF work report in Tanzi (1998) that organizations must develop a culture of not allowing even the slightest corruption because it can lead to other acts of corruption.

c. Internal control reaches the second-highest positive and significant regression coefficient value (0.401) after the organizational culture. Therefore, its influence on corruption prevention should also become a priority of the management. When internal control is increased by 1, then the corruption prevention will be increased by 0.401. Internal control should become a priority along with the organizational culture in corruption prevention. This study supports previous research in the IMF's work report in Tanzi (1998) that an effective control system is an organization's internal aspect. This is the front line of defense in preventing corruption. Internal supervision can monitor all organizational activities that have the potential to commit acts of corruption.

d. Competence has a negative but significant influence by = -0.36; thus, an increase by 1 point in the aspect of competence will lower the value of corruption prevention by 0.365. The efforts to enhance employees' competence should be accompanied by promoting anti-corruption culture and internal control. Hence, competence improvement would not be counterproductive towards corruption prevention. The results of this study are in line with a report by IMF work (Tanzi, 1998) that the ability of a person to access high-value financial data and procedures is among the causes of committing corruption. On that ground, stronger corruption prevention measures are essential.

e. Leadership has a significant but negative regression coefficient by -0.282. Simply put, an increase in the value of the aspect of leadership by 1 point will lower the value of corruption prevention by 0.282. Therefore, the effort to develop good leadership should be accompanied by the improvement of anti-corruption organizational culture and better internal control to prevent the counterproductive effect of leadership towards corruption prevention. Such a notion is in line with a report by IMF (Tanzi, 1998) claiming that the authoritative leadership tends to build a single power that might lead an individual to commit acts of corruption. For this reason, good leadership requires a more robust corruption prevention system.

In general, the principle of corruption prevention is to control motivation, possibility, capability, and realization related to corruption actions through elements of Human Capital, i.e., organizational culture, competence, leadership, and internal control. According to Srivastava, Mock, and Turner (2009) corruption is due to motivation and opportunity, including a large sum of a transaction and complicated processes with inadequate internal control, such as irregular checks and audits. Bressler and Bressler (2007) mention that three factors causing the act of corruption (known as a corruption triangle) are not always about: motivation, possibility, and realization. This is because an individual will not decide to commit corruption if they have poor competence. In commit to the act of corruption requires certain competencies (to cover the act, committing the act unbeknown to others). In this sense, the idea of the corruption triangle has transformed into a corruption square. On that ground, the elements of the corruption square consist of:

a. Motivation.
b. Possibility.
c. Capability.
d. Realization.
All of these elements significantly correlate with internal control.

Based on studies on corruption prevention both in government and non-government agencies, it can be generally concluded that:

a. There is a consistency that organizational culture serves as the most effective variable to enhance corruption prevention efforts within government agencies.

b. Institutions with properly implemented internal control are capable of combatting corruption. This is due to the role of early detection in internal control.

c. Competence factor has a non-consistent influence, that it has an insignificant and negative influence in some studies. However, many claims that competence has a positive and insignificant influence. The role of such a factor in corruption prevention is inconsistent, but it can be mitigated by strengthening the organizational culture and internal control.

d. Leadership factor consistently has a negative influence (indicating that the stronger one's leadership, the weaker its corruption prevention), but insignificant. In other studies, leadership has a negative but significant influence; the impact depends on the type of leadership style implemented within an institution. A further study on the effect of leadership on corruption prevention is needed.

e. In private institutions, the compensation factor (salary and welfare) has a negative and significant influence. It needs further study on the influence of compensation on corruption prevention in government agencies.

4. CONCLUSION

a. Organizational culture is the first strategic factor that positively and significantly influences corruption prevention.

b. Internal control is the second strategic factor after the organizational culture that positively and significantly influences corruption prevention.

c. Competence is a factor that needs to be considered. Further, competence development can weaken the corruption prevention when it is not accompanied by the strengthening of organizational culture and internal control to prevent corruption.

d. Leadership is also a factor that requires attention since leadership strengthening can potentially weaken the corruption prevention when it is not accompanied by the strengthening of organizational culture and internal control to prevent corruption.

e. The human capital development program, namely: organizational culture, internal control, competence, and leadership should be simultaneously implemented by the management as instruments to prevent corruption. All of these aspects have significant influence on preventing corruption. Without organizational culture enhancement, internal control, competence, and leadership, corruption prevention approaches will be likely ineffective.

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