

RECENT UNDERSTANDING OF THE CAUSES, IMPACTS AND DETERRENT OF CORRUPTION IN INDONESIA

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Abstract

We know that efforts to eradicate corruption in Indonesia have been carried out in various ways, but it can be argued those are not effective. In other words, cases of corruption in Indonesia are still happening. Based on the 2021 Corruption Perceptions Index, Indonesia is ranked 96th out of 180 countries. Meanwhile, based on a survey from the Central Statistics Agency (BPS) in 2021, the Anti-Corruption Behavior Index is in the range of 3.88%. We have to accept that corruption is an extraordinary crime that has an impact on society and is detrimental to the state. Examples of the biggest corruption cases in Indonesia are the Jiwasraya, Asrabi, and Bank Indonesia Liquidity Assistance (BLBI) cases. This study offers current understanding of the causes, impacts and deterrent of corruption, particularly in Indonesia context. This study is a part of research project conducted in Indonesian local government. This study is important for policy makers, organisation and other related parties such as Corruption Eradication Commission, Republic of Indonesia.

Keywords: Corruption, Causes, Impacts, Deterrent, Indonesia

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Introduction

Commitment to eradicating corruption is an important milestone in the governance of a country. In Indonesia, almost every head of state election does not escape the seriousness of observing the commitments given by the candidate for head of state to eradicate corruption. Inevitably this happens because corruption continues to erode people's rights to state assets. The country's abundant wealth, barely left for the welfare of the people. Everything was eroded by the cunning behavior of bureaucrats in collusion with corruptors. This commitment to eradicating corruption has also attracted voters to look for a candidate for head of state who has a real commitment and gives a glimmer of hope that everyone who cheats on the country deserves to be investigated to the end. The commitment of the government of President Susilo Bambang Yudhoyono is certainly still ringing in our ears, perhaps even complete with a twist of language in his speech which stated that he would be at the forefront of eradicating this country. Apparently the commitment conveyed by SBY is not new. His predecessor, Suharto, had expressed the same commitment.

At that time in 1970 along with the Commemoration of Independence Day of the Republic of Indonesia, Suharto-President at that time- tried to convince the people that the committee to eradicate corruption in his government was very large and he also emphasized that he himself would lead the eradication of corruption. Eradication of criminal acts of corruption is a series of actions to prevent and eradicate criminal acts of corruption through coordination, supervision, monitoring, investigation, investigation, prosecution and examination in court, with community participation based on the applicable laws and regulations.

It is not easy to say, the commitment to eradicate corruption is indeed difficult to do. Various efforts to eradicate corruption are launched in every period of government of this country. Several references state that the judicial eradication of corruption only started in 1957, with the issuance of the Military Authority Regulation Number PRT/PM/06/1957. This regulation, known as the Regulation on the Eradication of Corruption, was made by the military authorities at that time, namely the Military Authority of the Army and Navy. In the early days of the New Order, the government issued Presidential Decree No. 28/1967 concerning the Establishment of a Corruption Eradication Team. Efforts to eradicate corruption have been carried out for a long time using various methods, sanctions against perpetrators of corruption have been tightened, but almost every day we still read or hear the news about corruption. In practice, the team could not carry out the eradication of corruption optimally, it could even be said that it was almost not functioning.

So far, corruption continues to occur in the structure of human social life throughout the period of time. Corruption is considered to have had a negative impact on human life, both on the community's economy, as well as on societal norms and culture. Corruption has become a problem in a country, both developed and developing countries. Due to its very broad impact on human life, corruption is a common enemy that must be eradicated. Corruption in Indonesia has become a serious problem. This is shown by the ranking of corruption in Indonesia which is relatively high compared to other countries. Budget leaks and dislocations in various government sectors hinder the development and growth of the Indonesian economy. Therefore, in the success of eradicating corruption, it is necessary to have government policies

that support efforts to eradicate corruption to the fullest. Eradication of corruption is very necessary because corruption has a very bad impact on the life of the nation and state; even in the social life of the affected communities. These impacts are provided in the further discussion.

Causes of corruption in Indonesia

Social and Culture

The causes of corruption in Indonesia are not solely due to consumptive behavior and economic problems. Although corruption is often carried out by individuals, in fact the influence of the environment, public attitudes, the law, and the organization of the individual can be the cause of corruption. This also applies as the cause of corruption in Indonesia which is difficult to avoid, especially with regard to the attitude of the people who do not feel disadvantaged. This aspect of public attitudes that is the cause of corruption in Indonesia is rarely realized. For example, in an organization, individual faults are often covered up in order to maintain the good name of the organization. Thus acts of corruption in an organization are often covered up. As a result of this closed attitude, acts of corruption seem to be justified, even developing in various forms. Public attitudes that have the potential to provide opportunities for corrupt behavior include:

1. The values and culture in society that support to be the cause of corruption in Indonesia. For example, people value someone because of the wealth they have. As a result, people are not critical of conditions, such as where the wealth comes from.
2. The public considers that the victim who suffers losses due to corruption is the state. In fact, in the end, the biggest loss was experienced by the community itself. For example, due to corruption the development budget is reduced, the development of public transportation is limited.
3. The cause of corruption in Indonesia is that people are not aware that they are involved in corrupt behavior. Every act of corruption must involve the community, but people are actually used to being involved in everyday acts of corruption in open but unconscious ways.

Institutional aspect

It must be accepted that countries that have high levels of press freedom tend to have low levels of corruption (Davidson, 2007). On the other hand, countries with low levels of press freedom tend to have high levels of corruption. This is because the free press can provide more information about people or government officials who commit corruption. As a result, the expected benefit is lower than the expected cost of committing corruption. In addition, with the freedom of the press, the detection rate will be higher so that the level of corruption will be lower.

Institutional inefficiency can lead to corruption (Maulidi, 2020). According to Maulidi (2020), a condition that can lead to corruption is the existence of strategic power and authority by

public officials and the existence of a weak institutional system. In an effort to reduce corruption, Maulidi & Ansell (2021) revealed that the most effective way to reduce corruption is to increase penalties for corruptors and institutional control. But in reality in Indonesia, punishment for corruptors is only able to cover small numbers of the explicit social costs incurred by corruption. Thus, there is no deterrent effect from legal remedies against corruptors. Meanwhile, the design of effective control and supervision systems is difficult and requires a lot of money. It would actually be more cost efficient for the government to rely on reports in deciding investigations rather than random checks.

We believe that state and government administration practices that make the handling of corruption crimes not run as they should. Included in this group are: sectoral and institutional egoism which leads to the application of as much funds as possible for the sector and its agencies without taking into account the national needs as a whole and trying to cover up deviations in the sector and agencies concerned; the function of supervision is not yet functioning effectively; weak coordination between supervisory officers and law enforcement officers; and the weakness of the internal control system which has a positive correlation with various irregularities and inefficiencies in the management of state assets and the low quality of public services.

Political intervention

The existence of political parties is important because democracy requires citizens' authority to govern and is part of the rights of citizens to participate in determining public policies and their leaders (Rock & Bonnett, 2004). The important functions of political parties in democracy include: absorption of the aspirations and needs of the people, political education, regeneration, and political recruitment. In fact, the purpose of a political party is in addition to political recruitment and political education to the people, its main goal is to gain power. As long as they are in power, they must prepare the best cadres to be promoted in each region, be it governors, regents or mayors for the smooth running of the government administration system, but now political parties don't seem to be doing regeneration so they do not prepare their best cadres to be promoted in simultaneous regional elections. If the cadres themselves are being promoted, then the political parties will bear all the financial burden of the nominations. Because what will be fought for is the ideology and vision and mission of the party, but what is happening now is just the opposite.

This aspect also leads to corruption in the form of buying and selling positions. In effect, it can place incompetent people in strategic positions or positions who have the authority to make decisions. Because the position was obtained from lobbying, even bribes, they did not work with the mentality of a professional servant or civil servant, but with the mentality of a "businessman" who had to return the "investment" he had made to achieve that position and then look for big profits through the position he had held.

Therefore, it is necessary to take action against people or parties who are proven to have carried out transactional politics. However, the author admits, which institution has the authority to take action on the issue of political dowry has not been specifically regulated.

Moreover, in practice, political dowry is difficult to prove, even though the smell is pungent everywhere. Even so, at least, the Election Supervisory Body (Bawaslu) can give warnings to parties or individuals who do this as a precautionary measure. The trick is to provide information to the public so that they decide not to vote for a party or candidate who is suspected of handing over a dowry to the party. In fact, if a political party is proven to have received a certain amount of dowry that has been limited by law, the government can propose the dissolution of the political party to the constitutional court (Tomsa, 2015).

So, this aspect that must be addressed first is the institutionalization of political parties. Every political party must be able to create a common will and shared ideals to formulate a state concept that leads to the realization of people's welfare. It is the concept of the state that must be socialized and communicated by every political party to the public in the general election and indirectly the people as holders of sovereignty will be able to choose which political party can fight for their interests. The recruitment and cadre of political parties must be tightened through legal coercion. So, the proliferation of corrupt practices is highly correlated with the high cost of politics in each local government contestation. So that the transactional democratic system ultimately leads to a pragmatic government. For this reason, the government and the legislators must re-formulate regulations that can strengthen the institutionalization of political parties that lead to strengthening the democratic system.

Major impacts of corruption in Indonesia

Burdening business activities

The existence of bribes and extortion in an economy causes economic transaction costs to become higher. High transaction costs lead to inefficiencies in the economy. In this module, what is meant by transaction costs is the costs required for the use of resources for the creation, maintenance, use, change and so on in an institution and organization (Gunawan & Joseph, 2017). Furthermore, they view transaction costs as costs that arise in managing an institution or institutions in achieving their goals.

The higher the transaction costs, the less efficient the institutional system designed. An institution will be more effective if the required transaction costs are lower. Analysis of transaction costs focuses on efficiency. Low transaction costs are a hallmark of good institutions. It is common knowledge that in Indonesia there are bribes and extortion in an effort to obtain public services such as making birth certificates, driving licenses (SIM), and others. This condition causes high transaction costs of the economy and institutional system the bad one. In other words, productivity in each industry and production will decline due to the impact of this corruption. The productivity of companies will be hampered and cannot develop further. With the increasingly sluggish economic growth and investment, it is undeniable that productivity will continue to decline. This occurs in line with the inhibition of the industrial and production sectors to be able to develop better or carry out capacity building. The production increase program with various efforts such as the establishment of factories and new productive businesses or efforts to increase production capacity for existing businesses is hampered by the absence of investment. These situations obviously can lead to a

reduction in the number of employees or layoffs, then a lot of unemployment which causes the poverty rate to increase.

Lowering state income

Most countries in the world have a tax system which is an important tool to finance government spending in providing public goods and services, so it can be said that taxes are something important for the state. Taxes function as price stabilization can be used to control inflation, on the other hand taxes also have the function of income redistribution, where taxes collected by the state will then be used for development, and opening up job opportunities which will ultimately prosper the community. Taxes are very important for the continuity of state development and the welfare of society. The problem of corruption in the tax sector is not as simple as it looks, there are many aspects that must be considered in preventing and eradicating corruption in the tax sector. A complete, comprehensive and holistic research on the risks and opportunities of corruption in the tax sector is very important so that potential points of vulnerability to corruption in the taxation sector can be mapped as part of a strategy for preventing and eradicating criminal acts.

We identify that the causes of the less than optimal collection of taxes include the spread of bribery practices, for example by taxpayer as a way to avoid tax obligations or take advantage of tax loopholes, designed to get rewards or kickbacks. Corruption in the taxation sector is very detrimental to the potential for state revenue, as well as reducing the ability of the state to finance welfare programs. In addition, this also undermines public confidence in the Directorate General of Taxes. Trust in tax officials cannot be separated from the quality of tax officials and their services as an effort to fulfil the needs of taxpayers in the context of implementing the provisions of the legislation. The purpose of the service is to maintain taxpayer satisfaction which is expected to increase taxpayer compliance. Taxpayer compliance in fulfilling the obligation to pay taxes depends on how the image of the tax apparatus in the eyes of the taxpayer and the best service quality of the tax apparatus to taxpayers.

Lowering foreign investment

In the business world, the predictability of Return on Investment (RoI) is very important for investors to consider in investing their funds in a country. In simple terms, ROI can be interpreted as a comparison between the net profit of an investment and the costs incurred for the investment. A high RoI means that the income earned from the investment is greater than the costs incurred. The case is that corruption is very influential on the entry of foreign investment in Indonesia. In fact, investment efficiency in Indonesia is lower than in Asian countries, which is decreasing from time to time. This is in line with various references which show a significant relationship between corruption and the entry of direct investment. The more corruption is rampant in a country, the more foreign investors are unwilling to invest.

If we look at the five countries (Denmark, New Zealand, Finland, Singapore, and Sweden) which their Transparency International has declared low levels of corruption, these countries have excellent economic performance, both in terms of gross domestic product (GDP), and labor productivity. In 2018, for example, Denmark's corruption perception index (GPA) was

88 or the cleanest country from corruption in the public sector. At that time, Denmark was a country that had good economic capacity with a GDP of US\$ 350,874 billion, a per capita income of US\$ 60,692, inflation of 0.7 percent, and relatively lower economic inequality (27.9) compared to member countries of the Organisation for Economic Co-operation and Development (OECD). This suggests that rampant corruption will worsen the integrity of government institutions and increase the reluctance of foreign investors to invest in a country. Usually, foreign investors will avoid countries with high levels of corruption.

Improvements in the corruption perception index (CPI) score will encourage greater incoming foreign investment. In Asia, Singapore is classified as the 4th cleanest country in the world with a CPI of 85 (Transparency International, 2018). We see Singapore has the second best Index of Economic Freedom in the world after Hong Kong with an overall score of 89.4. This is because Singapore guarantees legal certainty in terms of ownership rights, government integrity, and judicial effectiveness. Regulations were also made very efficient in the business, labor, and monetary fields. Investors are comfortable so it is not surprising that the flow of foreign capital to Singapore is also relatively large. Data from the United Nations Conference on Trade and Development (UNCTAD) states that Singapore has the 5th largest foreign capital inflow in the world, which is US\$ 77.6 billion. Singapore is also one of the top 10 investor economies with an investment value of US\$ 312 billion.

Indonesia is still far behind. Singapore is the country with the 4th lowest corruption rate in the world, while Indonesia is at 89th. Indonesia's capital inflows are a third of Singapore's, which is US\$ 22 billion. However, if corruption eradication is more vigorously implemented, legal certainty is provided, and regulations are efficient and conducive to doing business, Indonesia will also be able to improve its economic performance. This situation reminds us that another obstacle in an investment is the problem of legal uncertainty. From a regulatory perspective, entrepreneurs complain that there are many, varied and overlapping regulations in Indonesia. Uncertainty also occurs in law enforcement.

Precautionary measures of corruption in Indonesia

Public awareness

Law Number 31 of 1999 concerning the Eradication of Criminal Acts of Corruption in Article 41 paragraph (5) and Article 42 paragraph (5) emphasizes that the procedures for implementing community participation and awarding awards in the prevention and eradication of criminal acts of corruption need to be regulated by Government Regulations. Community participation is intended to realize the rights and responsibilities of the community in the administration of a state that is free from corruption.

By involving public participation, the community will be more enthusiastic to carry out social control against corruption. Community participation in efforts to prevent and eradicate criminal acts of corruption is manifested in the form of, among others, seeking, obtaining, and providing data or information on criminal acts of corruption and the right to give advice and opinions in a responsible manner on the prevention and eradication of criminal acts of corruption. In addition to giving the public the right to participate in preventing corruption,

the community is also attached with a moral obligation to be morally responsible in efforts to prevent and eradicate corruption.

In accordance with the principle of openness in a democratic country which gives the public the right to obtain correct, honest and discriminatory information regarding the prevention and eradication of corruption, this Government Regulation regulates the rights and responsibilities of the community in efforts to prevent and eradicate corruption. Therefore, the freedom to exercise this right must be accompanied by the responsibility to present facts and actual events by obeying and respecting generally recognized moral rules and applicable laws and regulations. In that context, the community should act as a gatekeeper in preventing corruption. This role can be realized by raising public awareness to report corruption. In an effort to raise public awareness about its role, it is necessary to hold anti-corruption education in the community.

The provision of anti-corruption culture to the community can be started with the method of cultivating values that support the formation of an anti-corruption attitude. These values consist of the some aspects, namely: honesty, responsibility, caring, courage, independence, justice, discipline, hard work and simplicity. The growth of these attitudes in society can be tried with various methods that are tailored to the needs, among others, by carrying out socialization activities, campaigns, seminars or with various other activities. Increased public knowledge about acts of corruption raises concerns and anti-corruption attitudes. Therefore, in the community there is growing awareness that corruption which increases in quantity and quality causes the lives of the people and society to be more miserable, weakens the joints and life force of the nation, state and society.

Their knowledge, attitude, and high awareness of the impact it causes; generate a positive and large response to the government's efforts to tackle corruption. They are willing to support and participate in the government's efforts, especially if they get guarantees legal protection that adds flavor safe. We hope that this provision will provide sufficient understanding and deep insight into the intricacies of corruption and its eradication as well as foster anti-corruption values. In addition, the anti-corruption values given are intended to shape the identity of the community so that they can control themselves so they do not behave corruptly and also as social control to encourage other people, especially the younger generation, to avoid the culture of corruption. With an educated and formed personality in society, it can prevent someone from committing a crime of corruption because they have understood the causes and effects on themselves and others related to the dangers of corruption and the sanctions received for their actions.

In relation to preventing corruption, character building must be the main basis for anti-corruption education. Without the main basis for character building, the purpose of implementing anti-corruptive education will also be in vain. Anti-corruption education is not designed to eradicate corruption but to prevent it by training people to have an awareness of anti-corruption behavior. Anti-corruptive education will not have any usefulness if the character that is formed is still not anti-corruptive character. Therefore, in anti-corruption education, it is very important to give an understanding of the values of corruption as negative values and harm many parties. With this understanding, an anti-corruption character will be

formed. Thus, in the context of optimizing public participation in efforts to prevent and eradicate corruption, the law enforcements are required to provide answers or information in accordance with their respective functions. This obligation is also balanced with the opportunity for them to exercise their right to answer false information from the public. In addition, to provide high-quality information to the public, this Government Regulation also regulates the awarding of awards to the public who have contributed to the prevention and control of corruption in the form of certificates and or premiums.

Whistleblowing system

It is undeniable that the majority of cases of fraud and violations in public sector organizations and private companies are revealed through whistleblowing. Whistleblowing is a report made by members of the organization regarding illegal and immoral actions within the organization to internal and external parties so that it can affect the practice of the fraudulent acts. Whistleblowing is a complex process involving personal and organizational factors. Most studies show that older and more experienced employees have a higher tendency to whistleblowing. A whistle-blower is often understood as a reporting witness. A person who provides a report or testimony regarding an alleged criminal act to law enforcement officers in the criminal justice process. However, to be called a whistle-blower, the witness must meet at least two basic criteria. A good whistleblowing system should provide convenience and a sense of security for employees who wish to ask questions or report matters deemed necessary. In addition, of course, this system must be able to assist two-way communication, namely between the reporter and the organisation.

More precisely, the existence of a hotline gives employees to feel empowered and secure about elevating suspected internal concerns. We think it may be an answer for fraud studies suggesting that within corrupt organizations, many employees are faced with the dilemma of whether to blow the whistle. Even though their intentions are concerned with potential (negative) consequences (e.g., retaliation), the only thing that still permits them to report fraud is the existence of harmonized protection of whistle-blowers. For such given circumstances, it may seem reasonable and fair to mention that individuals naturally can be claimed as moral persons in terms of addressing what something is intended to accomplish. This result supports a study carried out by Nurhidayat & Kusumasari,(2019), suggesting that people often reason correctly about what ought to be done in a specific situation. This reasoning process occurs in a logical system of moral beliefs. For this reason, we believe psychological internal dialogue processes can provide an ethical consideration, or even to govern a moral dilemma. It would be accepted in a well-defined initial situation.

Latan et al. (2019) argue that whistleblowing is conceptually focused on disclosing wrongdoing. For instance, 'the employee tells the supervisor that a worker often makes operational mistakes because the worker's competence is low' (p. 109). To a certain extent, whistleblowing intentions towards corporate fraud represent some professional and individual decisions that place the responsibility to society to prevent a wrong or fraud in organizational activity (Latan et al., 2019). In that regard, the role of whistleblowing plays a decisive role in strengthening accountability mechanisms in the organization. In its simplest

form, based on the above prior empirical evidence, the act of whistleblowing is concerned with the potential exposure to fraud and misconduct risks. So, if we make flawed reasoning toward the role of whistleblowing system, whether it is for the prevention or detection of fraud, we may offer overlapped understanding that brings ambiguous empirical results.

The increased focus on fraud awareness as a mechanism to prevent fraudulent behavior is consistent with Shonhadji & Maulidi (2021).study, assessing the extent and quality of anti-fraud culture strategies in the UK central government. The research shows staff awareness training and screening as best practice in the limited anti-fraud culture strategies. As an integral part of the anti-fraud culture, such a precaution can represent a somewhat valuable view of the information of alleged wrongdoing. This is also possible the participation in a robust anti-fraud training program can be attained within tightly bonded groups during daily organizational activities. This study sees a robust anti-fraud training program has substantial role in the fight against fraud and enriches our understanding of fraud mitigation in the scene of anti-fraud culture strategies.

Internal control

Internal control is the main component for organizations to be able to achieve their goals and avoid leaks that occur in the company's operations. According to Napitupulu (2020), internal control is an organizational plan and business method used to safeguard assets, provide accurate and reliable information, encourage and improve the efficiency of the organization's operations, and encourage conformity with established policies. If a company's internal control is weak, the possibility of errors and fraud is greater. On the other hand, if the internal control is strong, the possibility of fraud can be minimized.

Internal controls, at its simplest, means principally inextricable parts of how bureaucratic activities and functions are performed in accordance with the regulations and appropriate standards, and the public money is properly shielded and accounted for, and used effectively, efficiently and economically. Legislation like SPIP, adopted from The Committee of Sponsoring Organizations of the Treadway Commission (COSO), should be the most direct instrument of central control of local hierarchical authorities. Under Article 1 of Government Regulation Number 60 Year 2008, internal control system in the government entities is defined as:

“An integral process of actions and activities carried out continuously by the executives and all local authority officers to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations”.

Subsequently in Subsection 2 and 3 of Government Regulation Number 60 Year 2008, there mentions that the entire process of audit activities, reviews, evaluations, monitoring, and other supervisory conducts of central and local authorities must be thoroughly performed, in order to promote good governance and combat any wrongdoings. Thus, as a means of safeguarding its resources, internal control should be high on managements' priorities. Siregar & Tenoyo (2015) documented that a good faith efforts on maintaining and implementing an adequate

system of internal control is not actually ancillary tasks to the primary mission of the officers of local government but it is their responsibility as a public officer. Role, settings and local procedures which were previously often obscure, fragmentary and scattered, adversely affecting the overall control environment can be addressed by proper management's directives and the steering function of internal control put in place (Chen & Aklikokou, 2021). In this vein, the top structural officers of local government vehemently scrutinise and understand the surrounding environments, make interpretations of holistic cues, and turn those readings into strategic and precautionary plans. It will therefore pay particular attention to the grounds on which top officer teams' experiences have been made.

The internal control system is an integral process in the actions and activities carried out continuously by the leadership and all government employees. This action is to provide adequate confidence in the achievement of optimal government organizational goals. Of course, this optimality occurs if the organization can run effectively and efficiently, has reliable financial reporting, carries out safeguarding state assets, and complies with laws and regulations. According to Nuswantara et al. (2017), the internal control system is expected to be able to reduce the existence of deviant actions carried out by management. If internal control does not work properly, procedures are not carried out properly, it will open up opportunities for employees involved in the organization's operational activities to commit fraud. Nuswantara et al.'s research (2017) shows that the effectiveness of internal control has a significant negative effect on the tendency of accounting fraud, meaning that the more effective the company's internal control, the lower the tendency of the company's accounting fraud. Research by Bimo et al., (2019) the effectiveness of internal control has a significant negative effect on accounting fraud and even corruption.

There is always the anxiety in discussing transparent and judicious financial management in Indonesia subnational government. This is because a piece of specific control-related policies and procedures in the peripheral parts of the bureaucratic archetype is likely to be just well-documented papers; the top echelons of bureaucrats in local governments only acquainted their staffs with such documents without navigating them. It is affirmatively opined by Nuswantara et al. (2017) previously studying fraud deterrence in Indonesia contexts. They found that the policies of internal control has not been effectively implemented due to isomorphic disregarded behaviours between top and low echelons. Basically, in response to any paleness of transparency and accountability, 10 years ago Indonesia government have already officially publicised a Government Regulation Number 60 Year 2008, concerning the Government Internal Control System, well-known nationally as SPIP, but impermissible behaviours still remain exist. Notwithstanding its manifest importance to public services, the picture of contemporary local government in Indonesia has conveyed an image more insipid than inspiring to behave with greater honesty and integrity.

Through incorporating a plethora of aspirations and refinements from professionals in industry, academia, government agencies, and non-profit organizations, a discernible development in local government controls was born and modelled, leading to a raft of internal control framework. It tried to spell out what a prescription will be codified to tackle a widespread malfeasance. The five components of internal control as formulated in the

Government Regulation Number 60 Year 2008 comprises control environment, risk assessment, control activities, information and communication, and monitoring. Those are detailed again in the form of principles, underlying each of these components. These principles represent fundamental concepts associated with effective internal control systems. The five study topics were acknowledged by reviewing previous academic works (e.g. Maulidi and Ansell, 2021a).

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