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Re-understanding corruption in the Indonesian public sector through three behavioral lenses

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Abstract

Purpose – Based on the authors' study, the purpose of this paper is to better understand why corruption in the Indonesian public sector is so resilient from three behavioral perspectives: the Schemata Theory, the Corruption Normalization Theory and the Moral Development Theory.

Design/methodology/approach – This paper examines corruption trends and patterns in the Indonesian public sector in the past decade through examination of reports from various institutions as well as other relevant documents regarding corruption-related issues to gain a better understanding of the behavioral mechanisms underlying the adoption of corruption into organizational and individual schemata. This paper also uses expert interviews and focus group discussions with relevant experts in Indonesia and Australia on various corruption-related issues.

Findings – The authors establish that the rampaging corruption in the Indonesian public sector is an outcome of cumulative decision-making processes by the participants. Such a process is influenced by individual and organizational schemata to interpret problems and situations based on past knowledge and experience. The discussion in this paper highlights the mechanisms of corruption normalization used to sustain corruption networks especially in the Indonesian public sector which will be very difficult to break with conventional means such as detection and prosecution. Essentially, the entire process of normalization will cause moral degradation among public servants to the point where their actions are driven solely by the fear of punishment and expectation of personal benefits. The three pillars of institutionalization, rationalization and socialization strengthen one another to make the entire normalization structure so trivially resilient that short-term-oriented anti-corruption measures may not even put a dent in it. The normalization structure can be brought down only when it is continuously struck with sufficient force on its pillars. Corruption will truly perish from Indonesia only when the societal, organizational and individual schemata have been re-engineered to interpret it as an aberration and not as a norm.

Research limitations/implications – Due to the limited time and resources, the discussion on the normalization of corruption in Indonesia is focused on corruption within the Indonesian public institutions by interviewing anti-fraud professionals and scholars. A more complete picture of corruption normalization in Indonesia can be drawn from interviews with incarcerated corruption offenders from Indonesian public institutions.



Practical implications – This paper contributes to the development of corruption eradication strategy by deconstructing corruption normalization processes so that the existing resources can be allocated effectively and efficiently into areas that will result in long-term benefits.

Originality/value – This paper demonstrates how the seemingly small and insignificant behavioral factors may constitute “regenerative healing factor” for corruption in Indonesia.

Keywords Leadership, Indonesia, Culture, Corruption, Normalization, Schemata

Paper type Research paper

Introduction

Corruption has been a part of many developing countries, and Indonesia is not an exception. In the 2014 Corruption Perception Index report, for example, Indonesia was ranked 107 in the world (Transparency International, 2014). This ranking means Indonesia is still one of the most corrupt countries in the world. While there are many definitions of corruption, for purposes of this paper, corruption is defined in accordance with Indonesia’s Law No. 31 Year 1999 as amended by the Law No 20 Year 2001 on the Eradication of Corruption. Under Law No. 31 Year 1999 as amended by the Law No 20 Year 2001 on the Eradication of Corruption, there are seven categories of offences that constitute corruption:

- (1) acts that cause losses to the nation;
- (2) bribery;
- (3) occupational embezzlement;
- (4) extortion;
- (5) deception;
- (6) conflict of interests in procurement of goods and services; and
- (7) gratification (Ardisasmita, 2006, p. 4).

The focus of this paper is rent-seeking practice within the public sector, predominantly bribery.

As this paper will demonstrate, corruption has been a part of Indonesia for generations. The 32 years of the Suharto regime is particularly known as the most highlighted case of corruption in Indonesia where, unlike other nations, widespread corruption seemed to go hand in hand with the appearance of high growth (Kuncoro, 2006, p. 13). Suharto’s massive fortune was believed to have come from numerous companies, monopolies and control over vast sectors of the economy in particular during his three decades in power (Colmey and Liebhold, 1999). The financial crisis in 1997 revealed the fallacy of Indonesia’s economic strength. While official economic indicators supported the perception of high growth, the financial crisis saw the fall of Indonesia’s currency relative to the US dollar that exposed the vulnerability of the economy. The increased cost of imports due to exchange rates caused the collapse of many industries especially the banking sector leading to public unrest and anti-Suharto demonstrations. Suharto resigned from public office in May 1998. Subsequent analysis of the Suharto regime indicated perceived economic growth was a result of rent-seeking practices.

This paper will use the schemata theory, the corruption normalization theory and the moral development theory to identify the current behavioral trend of corruption in the

Indonesian public sector and the behavioral factors that make corruption in the Indonesian public sector so resilient. The data for this study are collected by means of interviews and focus group discussions with experts and professionals from Australia and Indonesia as well as document reviews on major corruption cases and anti-corruption initiatives in Indonesia[1].

The major conclusion of the paper is that even long after the fall of the Suharto regime, its signature rent-seeking practices as well as corruption normalization processes still characterize the Indonesian economy at present and has caused multiple corruption problems. This conclusion is supported by the results of analysis of corruption cases investigated between 2004 and 2015 by the Corruption Eradication Commission (KPK) as well as several major political events in Indonesia. Based on data collected for purposes of this paper, the second conclusion is the resilience of corruption in the Indonesian public sector is a legacy of the Suharto regime and a product of the 32 years of extensive corruption normalization which made corruption become a part of Indonesian societal, organizational and individual schemata.

Format of the paper

The next section of this paper discusses the Schemata Theory, the Corruption Normalization Theory and the Moral Development theory to highlight the connections and intersections between the theories in relation to their applicability in assessing corruption. Based on the discussion, a new model is constructed as an analytical tool in re-understanding corruption in Indonesia from the behavioral perspective. After the formulation of the model, a general overview of the Suharto regime is discussed to highlight some characteristics of the regime that caused massive behavioral transformation in particular in the Indonesian public sector. The current trends and patterns of corruption are discussed in the subsequent section to provide an overview of the common types of corruption in the Indonesian public sector and the related behavioral issues based on the cases investigated by the KPK in the past decade. The schemata transformation in the New Order regime is then discussed in more detail to identify the methods used to change the behavior of the Indonesian people to correspond to the corrupt regime. After the identification of the most prominent behavioral issues caused by the corruption normalization processes within the New Order regime, the analytical model is used to assess evidence of the existence and dynamics of corruption normalization processes within the Indonesian public sector in the Reformation era as well as possible future improvements of anti-corruption measures in Indonesia. From the discussion, a conclusion is then drawn regarding corruption normalization within the Indonesian public sector.

The schemata lens

Behavioral scientists have long been attempting to deconstruct the behavioral processes that constitute corruption in society in the hope of finding the most appropriate intervention methods. One way of looking into corruption is through the “schemata” theory[2]. The early proponent of the concept of schemata was Bartlett (1995, p. 201) who defined schema as an active organization of past reaction, or of past experiences, which must always be supposed to be operating in a well-adapted organic response. He also believed that the schemata are living, constantly developing and are affected by various sensational experiences (Bartlett, 1995, p. 200). For humans, schemata act as a

“processing unit” for handling and interpreting information from our environment (Hogan, 2011, p. 725). The notion of schemata has had a long history as a psychological construct in understanding human learning and memory (Newell, 2003, p. 384). Generally, many sociologists and psychologists agree that a schema is shaped by and is shaping the outside world. Information obtained by an individual in the past is processed to interpret and perceive the current and future situations.

As depicted by Figure 1, a person’s mind may consist of many schemas which form a framework of schemata where each schema serves a particular purpose in enabling the person to interpret a situation based on the past knowledge and experience. When faced with a situation that generates inputs of information, at least one schema will be activated (more schemas may be activated when needed) to interpret the situation. The types and number of schemas differ across people depending on various factors such as age, education, family background, level of perceptiveness, just to name a few. So generally, a person’s schemata represent his or her past life. Oliveira (2007, p. 13) believed that once schemata take form in one’s mind, they will be resistant to changes. However, as a person grows older and is exposed to more experience at some point, he or she may incorporate new values into his or her existing schemata due to exposures to information incompatible to preexisting beliefs and thus causes gradual changes in his or her schemata (Oliveira, 2007, p. 13).

Ntayi *et al.* (2013, p. 417) were of the opinion that, in relation to schemata, corruption can be seen as a function of the social framework and human nature paradox which construct logical justification for the acts of corruption. In relation to social interaction, Ntayi *et al.* (2010) believed that the behavior in organizations such as those dealing with public procurement is socially constructed. In the majority of countries with severe corruption problem, bribing public procurement officers, for example, is becoming a norm and is part of social interactions. Such an environment creates stimulus information for individual schemata to be processed in such a way that their schemata will change over time.

As a society’s schemata, culture has been known to affect people’s attitude toward corruption. In his work on national culture and corruption, Yeganeh (2014) argued that national culture may contribute to the high risk of corruption in a country. As a multidimensional complex worldwide problem, corruption needs to be understood from various angles including the underlying socio-economic factors (Yeganeh, 2014, p. 2). As part of human actions, corruption is believed to be influenced by cultural values within society. As defined by Schwartz (1994, p. 21), values are desirable transitional goals, varying in importance, that serve as guiding principles for individuals or organizations. Values can be acquired both through socialization and learning experience (Schwartz, 1994, p. 21). As part of an individual’s schemata, value may change over time due to changes in the environment.

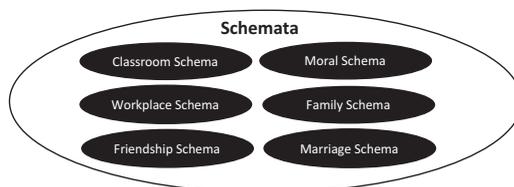


Figure 1.
A simple illustration
of human schemata

Making corruption less evil through normalization

A corrupt organization will develop a certain mechanism that makes corruption look less evil to sustain the network of offenders. In Indonesia, for example, evidence suggests that corruption is so prevalent it becomes a norm embedded deeply within the structures and activities of the country’s public institutions (Budiman *et al.*, 2013, p. 139).

To ensure that each organization member acts and thinks in ways that will sustain the entire network of corruption, the so-called “normalization” process is commonly used encompassing the three pillars of (Ashforth and Anand, 2003, p. 1):

- (1) institutionalization;
- (2) rationalization; and
- (3) socialization.

The process by which normalization pervades an organization will result in the degradation of organization members’ morality to the point where the fear of punishment and the search for rewards become the ultimate driving factors in discharging duties and responsibilities (Figure 2).

Institutionalizing corruption

One of the primary aims of corruption normalization is to make it part of the mindset of the organization. Achieving the institutionalization of corruption in this way must occur without visible disruption to an organization’s systems. Essentially, to institutionalize is (Selznick, 1957, p. 17):

[...]to infuse with value beyond the technical requirements of the task at hand. The prizing of social machinery beyond its technical role is largely a reflection of the unique way in which it fulfills

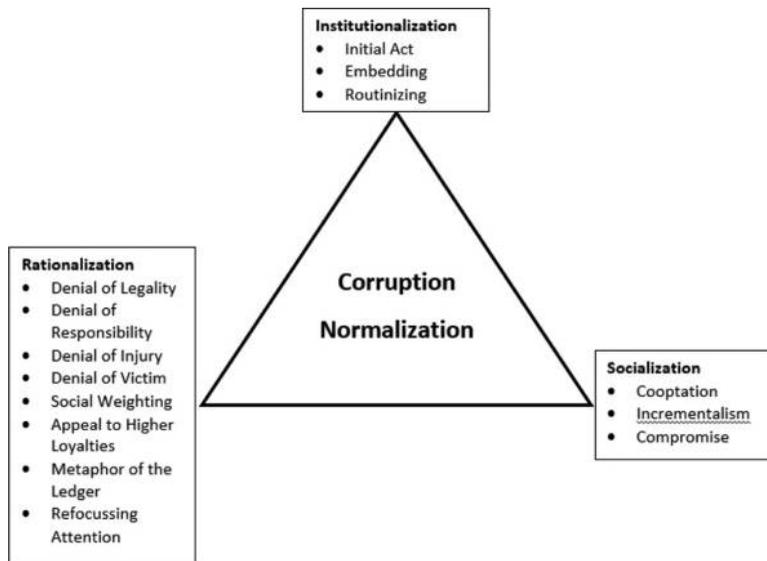


Figure 2.
Corruption normalization model

Source: Modified from Ashforth and Anand (2003)

personal or group needs. Whenever individuals become attached to an organization or a way of doing things as persons rather than as technicians, the result is a prizing of the device for its own sake. From the standpoint of the committed person, the organization is changed from an expendable tool into a valued source of personal satisfaction. Some manifestation of this process are quite obvious; others are less easily recognized.

The institutionalization of corruption generally consists of three phases (Ashforth and Anand, 2003, p. 4):

- (1) initial act;
- (2) embedding corruption (in structures and processes); and
- (3) routinizing corruption.

When a corrupt act is first perpetrated in an organization, there will most likely be cognitive dissonance among its perpetrators. Whether the act will be repeated often depends on the leadership in the organization. If the act is severely sanctioned, then it will be remembered as an anomaly by the other organization members and will be less likely to be repeated in the future. On the other hand, when the act results in no serious consequences from the organization, it will only be a matter of time before another act is perpetrated. When an organization and its leadership tolerate or even condone corrupt acts, then gradually they will be part of its normal day-to-day operations embedded within its formal structure and culture.

Just as a person's schemata, an organization's culture (also known as organizational schemata) is built upon memories acquired through past interactions and are used to support its activities (Anand *et al.*, 1998; Ashforth and Anand, 2003; Moorman and Miner, 1998). For example, an organization that has been operating for an extended period in a particular industry will accumulate a huge amount of memories in particular about how to survive and grow (Moorman and Miner, 1998, p. 708). Such memories may include how to deal with complex bureaucracy within a country using unethical or even unlawful means institutionalized within the organization. Once an institutionalized mean, however corrupt it is, results in the desired outcomes, it will become a part of the organizational memory and is likely to be used again in the future (Ashforth and Anand, 2003, p. 8). It is noteworthy that many corporate failures in the world happened because large corporations frequently used questionable means which have been (gradually) embedded into their operation systems and have generated positive results in the past.

In the routinization stage, corruption is transformed into routine, mechanical and highly programmed operations so as to reduce the necessity of moral reasoning in the process and thus avoiding the implications of the action by focusing more on its details and less on its meaning (Kelman, 1973, p. 46). Part of the perceived cost of committing corruption is the negative emotions such as guilt, fear, disappointment, just to name a few. Ashforth and Anand (2003, p. 12) argued that by transforming corruption into mere mechanical operations, the routinization process promotes corruption in four ways:

- (1) removing reflective thoughts on the actions;
- (2) breaking down corrupt acts into specialized tasks assigned to separate organization members so that they will perform the tasks without realizing

that their individual actions are actually a part of a large scheme of corruption;

- (3) locking organization members into an interconnected system so that they will be swept along by its momentum; and
- (4) inducing individuals to focus more on the processes rather than the goal.

Essentially, at this point, corruption becomes an integral part of organizational schemata but is yet to be part of organization members' individual schemata[3] and thus a further process of socialization is required.

The guilty pleasure: rationalizing corruption

When corruption becomes a part of an organization, each organization member must find ways to rationalize their corrupt acts to avoid developing negative self-image. One way of doing this is using the rationalizing ideologies to negate negative interpretations by building up arguments to make the corrupt acts seem like justifiable or excusable exceptions to the general normative rules (Ashforth and Anand, 2003, p. 16). Eight common types of denials to rationalize corruption are as follows:

- (1) *Denial of legality* represents offenders' excuse of their corrupt practices on the ground that such acts are legal (Gellerman, 1986). Despite the existing laws and regulations, there may be loopholes that can be exploited by corrupt officials to justify their past or future acts. Furthermore, even the most comprehensive law or regulation will become dated at some point in the future, and the applicability of which can be questioned by corruption offenders (Ashforth and Anand, 2003, p. 18). For matters that are yet to be regulated, many will simply label everything that has not been labeled wrong as permissible (Gellerman, 1986, p. 88).
- (2) *Denial of responsibility* is related to offenders' effort to justify their acts due to the circumstances perceived to be beyond their controls such as management orders, pressure from peers, financial strain, being deceived, existing precedent and "everybody is doing it" (Ashforth and Anand, 2003, p. 18). Various forms of this denial include defasibility, scapegoating and defense of necessity (Scott and Lyman, 1968; Minor, 1981).
- (3) *Denial of injury* is said to be applied when the perpetrators argue that no one was really harmed from their actions, and thus they believe their actions are not corrupt (Ashforth and Anand, 2003, p. 18; Anand et al., 2004). This justification is commonly used in the situation where either losses from an offence are insignificant compared to an organization's size or the presence of factors such as insurance coverage that makes the organization unaffected by the losses (Anand et al., 2004, p. 42).
- (4) *Denial of victim* is used when the perpetrators argue that the violated party deserved to be victimized to counter any blame for their actions (Anand et al., 2004, p. 41). Common forms of this justification include: "they deserve it", "they chose to participate" and depersonalization (Ashforth and Anand, 2003). Offenders may use perceived past unfair treatment from their employers to justify their corrupt acts and to ease or even absolve their guilt.
- (5) *Social weighting* concerns the perpetrators' attempt to moderate the salience of their actions in particular by "condemning the condemners" and "selective social

comparison". Essentially, "condemning the condemners" works by shifting the focus of attention from offenders' own corrupt acts to the motives and behavior of those who disapprove of their acts (Sykes and Matza, 1957, p. 669). The Offenders may say that the condemners (e.g. government, media and society) are hypocrites, deviants in disguise, equally or more corrupt and jealous (Sykes and Matza, 1957, p. 669). By condemning the condemners, corruption offenders believe that they can dismiss the condemners' perception (Ashforth and Kreiner, 1999, p. 424). Additionally, perpetrators may use "selective social comparison" to bolster themselves against the threat to their moral identity from their actions by presenting examples of other perpetrators who are deemed to be even more corrupt (Ashforth and Anand, 2003, p. 20).

- (6) *Appeal to higher loyalties* is used to justify corruption when the perpetrators argue that their acts are nothing more than their efforts to fulfill a higher-order value (Anand et al., 2004, p. 41). Loyalty to peers and superiors has been deemed as the most common higher value that corruption offenders are willing to appeal to despite sacrificing universalistic ethical norms (Ashforth and Anand, 2003, p. 21). This justification is commonly used in organizations with high level of loyalties where employees believe that the goals of the group are above those of other groups or even society (Anand et al., 2004, p. 43).
- (7) *Metaphor of the ledger* is used to justify corruption when the perpetrators argue that their accrued time and efforts in their jobs make them entitled to commit misconduct (Anand et al., 2004, p. 41). Simply put, this justification mechanism puts good and evil to counterbalance one another (Minor, 1981, p. 298). One may feel that he or she has a sufficient supply of good to his or her credit and as a result may indulge in some evil without guilt (Minor, 1981, p. 298).
- (8) *Refocusing attention* is used when the perpetrators do not actually deny the inherent corruptness of their actions but instead shifting the center of attention to the normatively redeeming features of their actions (Ashforth and Anand, 2003, p. 21). This mechanism actively overlooks the stigmatized properties of the actions in question (Ashforth and Kreiner, 1999, p. 423). Therefore, many do not consider this as a sound justification of corrupt actions on its own but rather only as a supporting mechanism to other types of denials (Ashforth and Anand, 2003, p. 21).

Socializing corruption

The dynamics of socialization plays an important role in turning an otherwise ethically sound individual into a corruption offender by means of imparting (especially to the newcomers) the values, beliefs, norms and skills so as to enable organization members to fulfil their roles and function effectively within the group context (Van Maanen, 1976; Ashforth and Anand, 2003, p. 25). The socialization of corruption to new organization members is of importance, as they have been predisposed to the culture of their previous environments (e.g. previous workplaces, universities, schools, etc.) which may be more intolerant to corruption and thus must be changed to fit the new environment (Ashforth and Anand, 2003, p. 25). For existing organization members who are yet to incorporate corruption into their individual schemata, this process will ensure that both organizational and individual schemata will be in perfect synchronization.

Generally, the socialization of corruption in particular to new organization members is carried out through three stages: cooptation, incrementalism and compromise (Ashforth and Anand, 2003, p. 28). *Cooptation* itself is defined by Selznick (1949, p. 13) as “the process of absorbing new elements into the leadership or policy determining structure of an organization as a means of averting threats to its stability or existence”. In the *cooptation* stage, organization members’ schemata are induced to absorb new norms, values and beliefs infused by the organization to sustain the existing corruption framework. For example, organization members may be rewarded to change their perception and attitude toward corrupt behavior (Sherman, 1980; Ashforth and Anand, 2003). Such an experience will then be stored in their memories as part of their moral schemata.

In the *incrementalism* stage, organization members are induced to gradually escalate their corruption so as to familiarize themselves with the newly acquired organizational norms, values and beliefs. After initially being “engineered” to engage in small and seemingly harmless fraudulent acts, a new organization member will begin learning to cope with his or her cognitive dissonance resulting from the acts by using rationalization means provided by his or her environment (Ashforth and Anand, 2003, p. 29). The more he or she engages in corrupt acts, the better he or she will be in constructing and using rationalization, and thus the process continues (Ashforth and Anand, 2003, p. 29).

In the *compromise* stage, organization members’ moral schemata have been corrupted, and they will be self-motivated and will even put their best efforts to commit corruption (Ashforth and Anand, 2003, p. 30). In other words, they do not need someone else to infuse them with corrupt norms, values and beliefs, as they themselves have already become the living embodiment of such a cultural identity. As the process of socialization may take years to complete, when one is fully accepting corruption as a part of his or her social identity, they would normally be in high positions with the ability to repeat the whole socialization cycle to their subordinates. The three stages of corruption socialization act in concert to seduce new organization members to inadvertently engage in corrupt activities without knowing that their actions are wrong (Ashforth and Anand, 2003, p. 31). As illustrated by Schein (1968, p. 8):

Another version of obtaining commitment is to gain the new member’s acceptance of very general ideals like “one must work for the good of the company,” or “one must meet the competition.” Whenever any counter-organizational behavior occurs one can then point out that the ideal is being violated. The engineer who does not come to work on time is reminded that his behavior indicates lack of concern for the good of the company. The employee who wears the wrong kind of clothes, lives in the wrong neighborhood, or associates with the wrong people can be reminded that he is hurting the company image.

The stairway to a corrupt mind

According to Ntayi *et al.* (2013, p. 420), in relation to corruption, generally there are three types of moral schemas:

- (1) personal interest schema;
- (2) maintaining norm schema; and
- (3) post-conventional schema.

These moral schemas conform to Kohlberg's (1981) formulation of moral development stages. According to Kohlberg's (1981, 2008) theory of moral development, there are six stages (divided into three levels) in an individual's moral development.

Level 1

- *Stage 1. Obedience and punishment orientation:* The person will exhibit egocentric deference to superior power or prestige or a trouble avoiding set, and thus he or she will follow rules to avoid punishment (Craig, 1974, pp. 122-123).
- *Stage 2. Naively egoistic orientation:* The person believes that a right action should instrumentally satisfy the needs of the self and occasionally others' needs (Craig, 1974, pp. 122-123).

Level 2

- *Stage 3. "Good-boy" orientation:* The person will focus on obtaining approval and pleasing and helping others (Craig, 1974, pp. 122-123). He or she upholds the morality of maintaining good relations and thus trying to avoid disapproval (Craig, 1974, pp. 122-123).
- *Stage 4. Authority and social order orientation:* The person's orientation is to do his or her duty, to show respect for authority and to maintain the given social order for its own sake (Craig, 1974, pp. 122-123). The person conforms to avoid censure and resultant guilt (Craig, 1974, pp. 122-123).

Level 3

- *Stage 5. Contractual legalistic orientation:* The person focuses on complying with the terms of contracts and avoiding violation of the will or rights of others, and majority will and welfare (Craig, 1974, pp. 122-123).
- *Stage 6. Conscience or principle orientation:* The person's orientation is not to comply with social rules but to principles of choice involving appeal to logical universality and consistency to avoid self-condemnation (Craig, 1974, pp. 122-123).

In terms of *personal interest schema*, it is primarily characterized by the obedience to avoid punishment, importance of personal costs/benefits and interpersonal concordance to cooperate with others within one's environment (Ntayi *et al.*, 2013, p. 420). In this type of schema, an individual's primary focus is on how his or her actions will influence his or her personal stake (Ntayi *et al.*, 2013, p. 420). Such an attitude is depicted by Kohlberg (1981) as the earliest level (avoiding punishment and obtaining reward) of moral development. For example, the blind obedience of an organization member to the existing rules and cultures may cloud his or her judgment on the morality of his or her actions.

The *maintaining norm schema* is applied when an individual is focusing on obeying the rules, dictums and social conventions because he or she values the importance of maintaining a functioning society in his actions (Ntayi *et al.*, 2013, p. 421). This type of moral schema conforms to the second level of Kohlberg's (1981) moral development model. How an

individual perceives the value of a functioning society is generally the result of his or her past life.

In the *post conventional moral schema*, an individual will exhibit more appreciation toward the ideal of fairness of the law or rule as well as the principles of justice and fairness (Ntayi *et al.*, 2013, p. 421). This type of schema is in conformity with the fifth and sixth stages of Kohlberg’s moral development theory. A person will base his or her actions on the terms of contracts and avoiding violation of the will or rights of others and majority will and welfare (Craig, 1974, pp. 122-123). In other words, he or she is doing what he or she is doing because the existing rules and regulations command him or her to do so. Nevertheless, by upholding the principles of justice and fairness, he or she will perceive that although rules and regulations are meant to be obeyed, they should not be seen as ideal, utopian and absolute decrees to be obeyed without criticism (Colby and Kohlberg, 1987). People with this type of moral schema will be more likely to question what they perceive as wrongdoings or unethical conducts within their organizations, regardless the fact that the actions in question are supported by organization’s policy and culture. Many people with this type of schema have been known to become effective whistleblowers in exposing various frauds within their organization or society.

Coalescing the three models

From the above discussion, a link can be drawn between the three theories in explaining how corruption infects an organization and the individuals within. As depicted by Figure 3, corruption normalization processes within an organization will turn an otherwise accountable organization into a corrupt entity, and eventually, the individual schemata of the organization members will also become corrupt. When corrupt acts become part of organizational procedures and structure, members, even those with “contractual legalistic orientation” type of schema, may have no choice but to comply with them. Only those who possess the “conscience or principle orientation” schema will be brave enough to react by critics or protests and, if not successful, leaving the organization for good. With the rationalization and socialization processes, organization members will gradually develop schemata similar to that of their organization. As the corruption normalization progresses

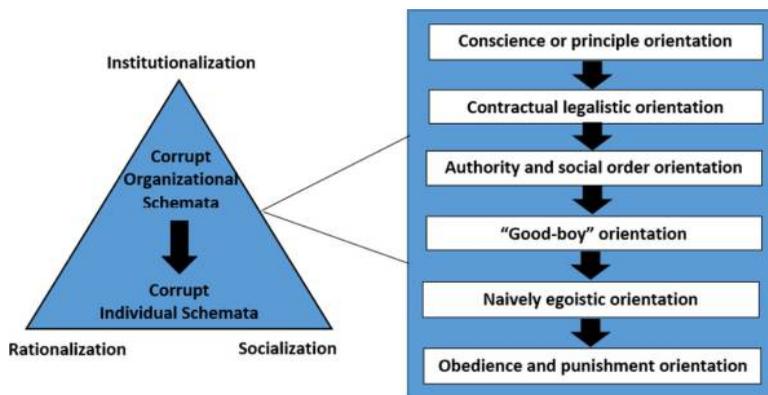


Figure 3.
Corruption infection model

Source: Modified from Ashforth and Anand (2003), Bartlett (1995) and Kohlberg (1981, 2008)

over time, the morality of the organization members will slowly degrade, and once they are at the top positions, they will have no hesitation to orchestrate corrupt acts of their own for their personal benefits (i.e. naively egoistic orientation). Therefore, based on the above discussion, this paper proposes the application of a “Corruption Infection” model to assess the transformation process within the Indonesian public sector in relation to corruption normalization from three behavioral lenses.

The great illusionist: behavioral transformation in the New Order era

During the New Order regime, Indonesia became a “Javanized” nation where Suharto’s individual schemata influenced by Javanese culture characterized an entire generation’s way of thinking. Suharto was briefly exposed to Dutch and Japanese cultures when serving in their military; nevertheless, it was the Javanese culture that actually characterized his way of thinking. He seemed to realize the fact that despite the various tribes and cultures in the country, Java Island and its culture was at the center of the government and could be used to generate power.

Suharto developed his own schemata influenced by his life experiences and memories of various symbols in Javanese culture to gain public sympathy and support for his taking over the presidency in 1967. He also used fear, admiration and perceived divine powers to control his nation. A symbol of Suharto’s perceived divine power was a letter from Sukarno, the *Supersemar*[4]. In Javanese mythology, “Semar” is the name of a wise and powerful figure often showcased in the popular traditional Javanese puppet shows known as *wayang* (Pausacker, 2004; Downes, 2012).

Changing societal schemata is not an easy task, as it consists of many individual schemata in a complex network of social relationships. However, worldwide evidence suggests that, given the right conditions, dictatorship can be an effective means of shaping a society’s schemata in a relatively short period (e.g. compared to democracy). Lidén (2014, p. 51) argued that essentially, all desirable forms of political regimes are democracies, and some form dictatorship in some others makes them non democratic. More specifically, Linz (1970, p. 255) defined non-democratic regimes as:

Political systems with limited, not responsible, political pluralism, without elaborate and guiding ideology, but with distinctive mentalities, without extensive nor intensive political mobilization, except at some point in their development, and in which a leader or occasionally a small group exercises power within formally ill-defined limits but actually quite predictable ones.

With the principle of “From the people, by the people, and for the people”, Indonesia has always represented itself as a democratic country even during the New Order era. As discussed above, Suharto’s dictatorship inside his patrimonial state was built upon various stratagems to maintain people’s loyalty. He hid the authoritarian nature of his government by various measures such as giving privileges to those whom he favored as well as controlling the education of the Indonesian youths and at the same time using his military power to suppress criticism and opposition. He was often portrayed by international media as a mild mannered and softly spoken figure that seemed to be able to suppress his emotions regardless of the situation he faced. His ability to use powerful (often graceful and poetic) words made him look almost like an omnipotent figure. In the history of ancient Java, the so-called “verbal magic” is a well-known means of power mobilization (Anderson, 1972). Suharto’s predecessor, Sukarno, was also known for his ability to mobilize support to fight against Dutch and Japanese colonization through his fiery speeches.

Suharto's belief that his power came from a divine source as suggested by the Javanese concept of power was also demonstrated by his practice of what many called "Javanese mysticism" supposedly to aid him in his quest for power. As explained by Anderson (1972, p. 8):

In the orthodox tradition, the quest for Power is pursued through yogaistic practices and extreme asceticism. Although these yogaistic practices in various parts of Java take different forms, including fasting, going without sleep, meditation, sexual abstinence, ritual purification, and sacrifices of various types, one central idea underlies them: all are designed to focus or concentrate the primordial essence.

Generally, presidency and mysticism in Indonesia have been seen as interconnected to one another. Many Javanese believe that all Indonesian presidents have some kind of divine power derived from various sources such as paying respect to the spirit world and performing activities such as visiting mystical sites, consulting with seers or collecting mystical items believed to hold magic powers such as the traditional Indonesian dagger known as *keris* (Mydans, 2008). Suharto especially stood out for his devotion even during his childhood when he studied with a spiritual teacher and continued performing ritual acts throughout his presidency until after his resignation in 1998 (Mydans, 2008). Even his resignation in 1998 was seen by many as caused by his diminishing divine power in particular after the death of his wife a few years earlier who, as a member of a royal family of the Sultanate of Solo, was believed to be the source of Suharto's legitimacy as a Javanese ruler (Mydans, 2008).

With regard to the rampaging corruption in the New Order era, authors believe that the problem was not the Javanese culture itself but rather Suharto's way of interpreting it. For example, Irawanto *et al.* (2011, p. 129) argued that the Javanese believe strongly that it is wrong to focus life only on materialistic objectives. This is somewhat contradictory to Suharto's quest for power and wealth throughout his life. Traditional Javanese culture is full of noble teachings (e.g. loyalty, honesty, responsibility and humility) about being a good person that, if properly practiced, will actually promote a corruption-free society. Sutarto (2006, p. 39) was of the opinion that being a true Javanese means being someone who is *berbudi bawa leksana lan ngudi sejatining becik* (being wise and continually striving to do good in life). Whereas Suharto demonstrated obedience to the Javanese tradition on matters related to power accumulation, he appeared to have abandoned other parts of the tradition related to being an honest and accountable person. The ideology of a peaceful life as the core of Javanese values (Geertz, 1956; Irawanto *et al.*, 2011), for example, has been misunderstood and misapplied by Suharto by curbing criticism of the New Order regime by unlawful means to create an impression that people were living a peaceful life.

In summary, Suharto's success in changing the schemata of the Indonesian people during the New Order era was due to his ability to understand the traditional Javanese people's social schemata and adopt some of its elements (e.g. the conception power) to gain sympathy and to make himself appear to be an omnipotent figure. After the alleged failure of the previous president, Sukarno, in building a prosperous economy, Suharto was seemingly able to fulfill such an expectation and became a savior to his people. However, as evidenced by the country's inability to withstand the economic crisis in 1997-1998, what appeared to be economic stability in the New Order regime turned out to be nothing more than an illusion built upon decades of corruption, collusion and nepotism by Suharto and his cronies. Now, nearly two decades after the fall of the

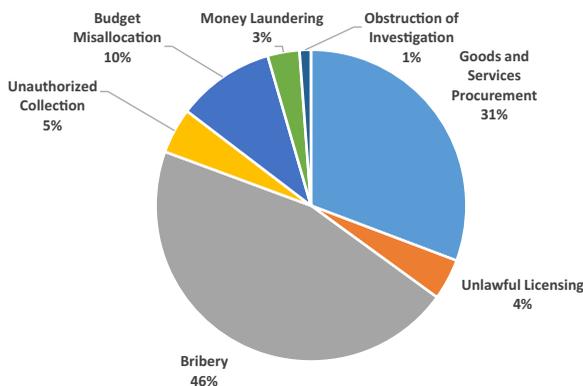
regime, traces of Suharto's schemata can still be found in many parts of the government, most notably in the form of rent-seeking activities. The fact that it took Suharto over three decades to build his legacy of corrupt patrimonialism in Indonesia also means that eradicating corruption in the country cannot be achieved in a short period. The Indonesian people need to re-learn their traditional values to understand what it means to be a good Indonesian.

Corruption in the Indonesian public sector: current trends and patterns

The KPK categorizes corruption offences into seven categories:

- (1) goods and services procurement;
- (2) licensing;
- (3) bribery;
- (4) unauthorized collection;
- (5) budget misallocation;
- (6) money laundering; and
- (7) hindering KPK's investigation.

Based on KPK's investigation data, up until May 2015, from the total 423 major cases^[5] investigated by the commission, bribery appears to be the most prevalent type of corruption in Indonesia. Around 46 per cent of the major corruption cases in the past decade were in this category. Goods and services procurement cases (31 per cent) which has brought down a number of high ranking public officials is the second most common corruption type in the country. This is of no surprise as kickbacks, in particular within public contract such as to supply goods or construct a public infrastructure, is a common problem in developing countries (Ware and Noone, 2003, p. 196) and apparently Indonesia is not an exception (Figure 4).



Note: Data as per May 2015

Source: Modified from Corruption Eradication Commission (2015a)

Figure 4.
Corruption cases
investigated by the
corruption
eradication
commission
2004-2015

Regardless of the classification, in practice, the five major offences are often interconnected to one another. When private sector vendors approach government officials to unlawfully seal a procurement contract, for example, they may offer a huge amount of bribes to the officials who then conceal the money or other assets from the authorities' attention by various means of money laundering. Similarly, the deliberate misallocation of state budget, unauthorized collection and unlawful licensing will often be connected to money laundering at some point for hiding the flow of the illegal funds. Despite the existing anti-corruption laws as well as an independent vigilant anti-corruption agency in Indonesia, corruption remains entrenched in the bureaucracy. Despite the fall of the New Order regime in 1998, many high-ranking public officials in the Reformation era still use their positions to provide "rents" to those who were willing to pay for their "services". Many of these officials reaped millions of dollars of taxpayers' money from various corrupt acts just within a short period.

As depicted by Figure 5, 25 per cent of corruption offenders under the commission's investigation in the period of 2004-2015 worked in the private sector, and another 25 per cent were higher echelon (I, II and III) public officials. In relation to the fact that bribery constituted 46 per cent of the major corruption cases in the past decade, this may have been related to the rent-seeking activities by private sector businesses to gain some privileges from some public officials in return for bribes to increase their efficiency and profits. Winning a tender of government procurement project by unlawful means such as paying bribes, for example, is a common case in the Indonesian public sector. An example of a high profile procurement-related corruption case was that of a former Indonesian beauty queen-turned MP, Angelina Sondakh[6], who allegedly helped rig a multibillion-dollar bid for the accommodation block for a sports stadium in Palembang (Bachelard, 2013). She was believed to have received millions of dollars in bribes to arrange for the contract to be awarded to a certain group of people (Bachelard, 2013). Eventually, in November 2013, the Supreme Court sentenced

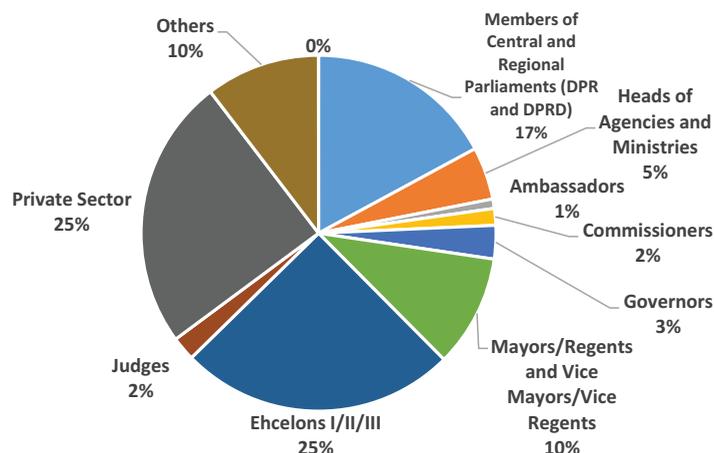


Figure 5. Corruption suspects' occupations

Note: Data as per May 2015

Source: Modified from Corruption Eradication Commission (2015b)

Angelina to 12 years in prison for her crime in addition to US\$3.42m of restitution (Amelia, 2013).

The pervasiveness of corruption in the Indonesian bureaucracy has even gained international recognition. For example, the Global Competitiveness Report 2014-2015 by the [World Economic Forum \(2015\)](#) mentioned Indonesia as one of the countries in the world with pervasive corruption problem. Another report by the US Commercial Service, "Doing Business in Indonesia: 2014 Country Commercial Guide for USA Companies", also revealed that, from US investors' perspective, the pervasiveness of corruption in Indonesia was seen as a major obstacle in investing in the country ([USA Commercial Service, 2014](#)). For example, as stated in the report ([USA Commercial Service, 2014](#), p. 12):

Indonesia's businesses are organized along classic lines, with the full spectrum of agents, distributors and other intermediaries represented in the economy. Finding a stocking distributor can be a problem due to a general unwillingness to assume the carrying charges involved with warehousing. In addition, pervasive corruption, especially among customs officials, makes the use of offshore warehouses, especially in Singapore, attractive. Traffic congestion, weak infrastructure and corruption often make it very expensive to ship product long distances within Indonesia from a central warehouse.

The report also highlighted the additional layers of bureaucracy from the implementation of the decentralization system which resulted in costly red tapes and inefficiency. The decentralization system in the Indonesian government was aimed at promoting regional development within the country so that regions can optimize their resources in ways that best fit their condition. Competing in procurement tenders in Indonesia is also seen by US investors to be very difficult due to the fact that many government tenders were awarded based on long-established relationships between government agencies and agents or distributors ([USA Commercial Service, 2014](#), p. 4).

Market competition in Indonesia is known to many foreign investors as depending not on performance and market strategy but by how well companies please government officials. The report by the Control Risks Group on the state of anti-corruption in Indonesia supported this. According to the report, expectations for gifts and entertainment from companies that offered their goods and services to government agencies are common among government officials in Indonesia ([Control Risks Group, 2013](#)). Therefore, it is customary that, for example, company employees in charge of procurement being invited for lunch and dinner by potential suppliers ([Control Risks Group, 2013](#)).

In Indonesia, the prevalent corruption is believed to be the result of the corrupt minds of public officials in the government. Accepting bribes, for example, appears to be part of daily routine of corrupt Indonesian public officials. The failure of transparency and accountability in which civil servants are considered as the core of the problem has long been characterizing the Indonesian political system ([Kristiansen and Ramli, 2006](#), p. 208; [Heidenheimer and Johnston, 2007](#), p. 8). Among the common misconducts of the Indonesian civil servants is the acceptance of kickbacks particularly for government projects as well as petty bribery and "speed" money ([Kristiansen and Ramli, 2006](#), p. 208). The ability of civil servants to reap financial benefits through their positions and powers have attracted many job

seekers every year. More than a few were willing to use whatever means necessary to be used as public servants hoping that one day could rise to become high ranking public officials. This is believed to be among the causes of the rampaging corruption in the country. Once a candidate is accepted as a civil servant through corrupt means such as bribing public officials, he or she will immediately seek to recover his or her investment, if necessary through corrupt means such as unlawfully giving privileges to businessmen in exchange for bribes.

Corruption normalization in the Indonesian public sector: the societal, organizational and individual schemata transformation

Among the many factors that caused corruption in Indonesia, the political environment has been accused of supplying pressures as well as incentives for corruption to flourish. For example, as described by the Indonesia Corruption Watch (ICW, 2014, p. 3):

Political corruption is increasingly prevalent ahead of the general election. Throughout 2013, law enforcers, especially the KPK, have exposed several cases that are closely associated with people of political power. A couple of examples are the bribery cases of former Chairman of the Constitutional Court (MK), Akil Mochtar, and Head of Special Unit of Oil and Gas (SKKMigas), Rudi Rubiandini, who subsequently dragged along a number of regional heads and members of parliament to the court. Political corruption is regarded as a major source of corruption. The results of corrupt transactions between politicians in the executive and legislative bodies, will technically be handled by the bureaucracy, as the implementers of the budget. Various forms of corruption such as mark-ups, fictitious projects, budget manipulations by way of bureaucracy, are generally derived from political corruption.

The corruption problem is often associated with the adoption of the decentralization system in 2001. The transition to a decentralized governance system was initially regarded as a landmark policy to optimize governments' ability to set up locally appropriate regulations and policies as well as to effectively and efficiently use funds allocated from the central government (Pepinsky and Wihardja, 2011, p. 338). However, it turned out that despite some success in a number of regions in the country, the decentralization appeared to have blurred borders of responsibility and lines of reporting in the bureaucracy and facilitated increasing rent-seeking activities at local levels (Kuncoro, 2006). Additionally, the introduction of local elections within the system has created even more rent-seeking problems. Even at the state level, the vicious competition among political parties particularly during general elections has been associated with the prevalent political corruption in the country.

Despite the copious literature on corruption in Indonesia, only a few explore the human behavior side of corruption in the country. The majority of discussions center on law and politics and their relationships to corruption. Multiple dimensions of human behavior need to be explored to understand why corruption occurs and how it regenerates over time as well as the best way to overcome the problem.

The schemata engineering in the New Order

Historically, the most highlighted case of schemata transformation in Indonesia in relation to corruption is that of the Suharto regime. In the 32 years of the regime (also known as the New Order regime), the societal schemata of the Indonesian people had been engineered to accept the regime's corruptness as a norm. To maintain power in his

patrimonial state, Suharto used a range of means including power centralization, excessive use of the military, salary management and rent generation (McLeod, 2000).

In terms of power centralization, while accumulating support for his authority, Suharto also tried to minimize potential challengers for his throne. A technique he used was to create a “franchise” of his patron–client relationships. As explained by McLeod (2000, p. 101):

Just as Suharto used his position as head of the national government to bestow privileges on selected firms (“cronies”, as they have come to be known), so he effectively awarded franchises to other government officials at lower levels to act in similar manner. This included many of his ministers and senior bureaucrats, government administrators at all levels – from provinces down to rural villages – and top executives in the state enterprises and special government bodies such as the food logistics agency, Bulog, and the Agency for the Study and Application of Technology.

In the political arena, to suppress any threats in the form of opposing political parties, Suharto created a party system where only three parties were allowed to compete in the elections:

- (1) the Functional Group (Golongan Karya, Golkar);
- (2) the Development Unity Party (Partai Persatuan Pembangunan, PPP); and
- (3) the Indonesian Democratic Party (Partai Demokrasi Indonesia, PDI).

With the military power under his command when he first became the president, Suharto could easily become a “traditional” military dictator in Indonesia, but he chose a “softer” approach by using various measures to gain political legitimacy through general elections as a symbol of democracy (Suryadinata, 1998, p. 334). Golkar was essentially Suharto’s political vehicle to legitimize his power presumably due to his adherence to the Javanese culture ideology of maintaining “peaceful life” (at least on the outside). During the New Order era, Golkar practically dominated the Indonesian politics leaving the other two parties with only minor role in the government (Suryadinata, 1998, p. 333).

Suharto’s skill in using the military had been known as a major key in his success in becoming Indonesia’s second president. The 1965-1966 conflict with the supporters of the PKI where hundreds of thousands of alleged supporters of communism were killed and later the issuance of the *Supersemar* – (Order of the Eleventh March/*Surat Perintah Sebelas Maret*) – gave Suharto an opportunity to present himself to the people as a great military leader. Suharto’s frequent use of the military could still be seen in the curbing of various local conflicts^[7] in Indonesia during his presidency (McLeod, 2000, p. 103).

Part of the strategy to institutionalize rent-seeking practices in the Suharto government was the unusual design of the civil and military salary system. The salary rates’ structure was extremely compressed in which top officials’ salaries were only a relatively small multiple of those of low level staff whose salaries were said to be above market (e.g. compared to private sector employees) (McLeod, 2000, p. 103; McLeod, 2010, p. 5). This created pressure especially for higher ranking officials to supplement their income by providing “services” to those who wish to cut through the thick layers of bureaucracy or to obtain other privileges. On the other hand, the perception on the income stability of lower level civil servants created an

excess supply of applicants thereby creating opportunities for lower level officials of personnel departments to harvest the rents from applicants who wish to secure jobs in the government (McLeod, 2000, p. 103).

The Suharto regime had literally created a governance structure which made rent-seeking activities more manageable, (seemingly) formal and systematic. The foundation for systematic rent-seeking practices in the New Order regime included:

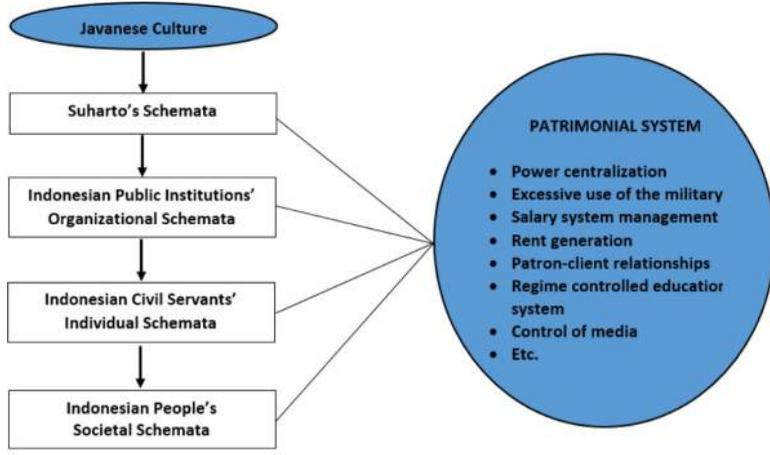
- import protection;
- non-bidding contracts;
- access to cheap loans;
- natural resources exploitation rights;
- designated mandatory partners in foreign joint ventures;
- rights to take over land;
- purchases of inputs at artificially low prices; and
- favorable treatments by tax office and rights to collect taxes (McLeod, 2000, pp. 104-105).

As part of the structure in Suharto's patrimonial state, the education system in the New Order era was also designed to support the stability of the pre-established societal schemata of the regime. In line with power centralization in the bureaucracy, the education system of the time was similarly centralized. To minimize potential threats to Suharto's authority, a major purpose of youth education in the New Order regime appeared to be to ensure that none of the youths would rise up to become his challenger in the future. For example, in terms of Indonesian schools in the New Order era, Leigh (1999, p. 36) argued that:

[...] schools implicitly contain the "wild" areas within which intellectual exploration is not rewarded by the schooling system. When mental excursions into such areas occur, they are felt to be "out-of-bounds", "dangerous" in an inexplicable sense and, via words or concepts gleaned from sources elsewhere, will be felt to be "subversive".

As illustrated by Figure 6, there was a long and systematic process of schemata engineering during the New Order era in which Suharto's interpretation (or rather misinterpretation) of the Javanese culture in particular related to power accumulation and usage[8] had shaped his schemata and was extensively socialized within his patrimonial network. This eventually became organizational memories in particular for public institutions in the country which were then transferred to their members. Through the process of interactions with families, friends and society at large, what were once one man's schemata later on turned into societal schemata (or more commonly known as culture).

Corruption in the Indonesian public sector: the normalization and the schemata within
Since the fall of the New Order regime in 1998, the Reformation era has been characterized by efforts to take down the previous regime's corrupt political foundations built on corruption, collusion and nepotism. Most notable is the issuance of anti-corruption laws and the establishment of an independent anti-corruption agency. However, after nearly two decades since the fall of Suharto, at least referring to KPK's statistics, we still do not quite know how to effectively eradicate corruption, collusion and nepotism in Indonesia. According to fraud auditors from Ernst & Young Jakarta[9] in a focus group discussion organized for purposes of this paper, the normalization of



Source: Adapted from Bartlett (1995), McLeod (2000, 2010), Aspinall (2005) Irawanto *et al.* (2011) and Sutarto (2006)

Figure 6.
The schemata
engineering by the
Suharto regime

misconduct is nothing new to many Indonesian companies and institutions (Sianturi *et al.*, 2015). Acts such as paying kickbacks disguised as legitimate expenses to secure business deals have been a part of their normal day-to-day operations (Sianturi *et al.*, 2015). For example, such expenses may be regarded as “thank you” notes for the purpose of building relationship (Sianturi *et al.*, 2015). Even in the highly regulated industries, many companies still attempt to find and exploit loopholes within the existing regulations for their own benefits (Sianturi *et al.*, 2015).

Among the New Order’s legacies that cause corruption to remain in Indonesia presently is the patrimonialism within the government. While not as grand (or as explicit) as that of the Suharto regime, many believe that this style of governance is a major cause of corrupt acts such as bribery and procurement fraud rampaging throughout the country. One of the most highlighted post-Suharto cases of patrimonial networks in local governments is that of the former Banten province governor, Ratu Atut Chosiyah, the first female governor in Indonesia.

During her tenure as a governor, Atut was known for her lavish lifestyle and was often seen wearing expensive clothing and jewelry in public. Atut was arrested by the KPK in 2013 for her alleged involvement in a graft case to influence the Constitutional Courts’ (MK) decision regarding a regional election dispute in Lebak (a regency in Banten). The case also allegedly involved her brother, Tubagus Chaeri Wardana, and the then Chief of the Constitutional Court (MK), Akil Mochtar.

The enactment of the Law No. 22 of Year 1999 gave greater autonomy to regional power and institutionalized local level changes and had caused a radical decentralization[10] program in Indonesia (Sidel, 2005, p. 67). Apparently, such changes have caused the rise of the so-called “local strongmen”, some of whom were described by Sidel (2005, p. 31) as using money politics to seize and maintain power and were practicing “gangsterism”. In the case of Ratu Atut, before her fall in the hands of the KPK, she was a member of an elite family in Banten province under the leadership of her

late father, Chasan Sochib, who dominated the political landscape since the establishment of the province in 2000 (Hamid, 2014, p. 579).

During his political career, Chasan Sochib had been known to put family members into strategic positions in the provincial government. For example, Atut's sister-in-law, Airin Rachmi Diany, is the Mayor of South Tangerang whose husband (Tubagus Chaeri Wardana, Atut's brother) is currently a corruption suspect in the case of Lebak regency election dispute graft. Atut's sister, Ratu Tatu Chasanah, is the Vice-Regent of Serang regency. A number of Atut's other family members also sit in the central and regional parliaments as well as other strategic positions in the government. Sochib gained influences and supporters from his leadership positions in organizations such as the Indonesian Chamber of Commerce and Industry (*Kamar Dagang dan Industri/KADIN*) and the Indonesian Association of Construction Companies (*Gabungan Pelaksana Konstruksi nasional Indonesia/GAPENSI*) which he allegedly used to secure government contracts (Hamid, 2014, p. 580; Masaaki, 2004, p. 23). Similar to Suharto, Sochib knew when to persuade people and when to use violence even to parliament members to achieve his political needs (Hamid, 2014, p. 580).

Ratu Atut's so-called "political dynasty" is just one of the many modern day followers of Suharto's patrimonial governance style. The implementation of the decentralization system in Indonesia has created opportunities for some local leaders (e.g. mayors, regents and governors) to behave like "small kings" and use their positions for personal benefit (Masaaki, 2004, p. 23). Within a corrupt patrimonial local government, institutionalization of corruption is easily done through what appear to be formal mechanisms of operation such as procurement tenders but with predetermined winners. Another example is the setting of a special type of account in the accounting system to record bribes paid to public officials so as to make them look like normal operating expenses for the organization. Rationalization and socialization, on the other hand, are often carried out through more personal approaches such as by inviting or tempting people to participate in what looks like legal acts but are actually part of bigger corruption schemes by which they will gradually learn to rationalize their acts and eventually change their schemata to tolerate corruption.

The cooptation within the socialization process is particularly important when new members join the organization. For example, the civil servant recruitments in Indonesia is generally held annually in particular to replace those who reach retirement age. This also means that to maintain the existing corruption network, there must also be continuous efforts to socialize corruption to the new civil servants. A common cooptation method in the Indonesian civil servant recruitment is the selling and buying of positions by recruitment officials (Kristiansen and Ramli, 2006). This will provide the civil servant candidates early exposure to the existing organizational schemata even before they officially become part of the organization. New civil servants who obtained their jobs by bribing the recruitment officers will begin to master various denials to their actions and gradually absorb corruption into their individual schemata.

The problem of corruption among civil servants in Indonesia is often associated with low salary. This problem is believed to be inherited from the previous regime where the salary system seemed to be designed to sustain the rent-seeking practices in the government. The existing regulations on civil service salary in Indonesia stipulate that all civil servants have the right to receive sufficient and equitable pay based on their workload and responsibility as reflected by their ranks (World Bank, 2009, p. 24).

Buehler (2011, p. 66) viewed the civil service in Indonesia as more of a career-based system rather than a position-based where professionals are recruited based on organization's need. Buehler (2011, p. 66) further argued that within the system, the payment mechanisms are yet to be considered as transparent where in addition to the basic salaries, civil servants also receive a variety of official and unofficial allowances from both budget and non-budget funds. On the other hand, the optimum performance from the system is not yet achieved, as generally Indonesian civil servants are still underemployed (Buehler, 2011, p. 66).

Since the fall of the New Order regime and the rise of the Reformation era, the Indonesian government has been attempting to improve the civil service salary system to reduce inefficiency and corruption. Nevertheless, the continuously rotating wheel of corruption in Indonesia has made many question the effectiveness of the salary improvement policies. Some argued that this is caused by the fact that even after the improvement of the system, Indonesian civil servants' salaries are still below their private sector counterparts (World Bank, 2003). Various factors may have contributed to the failure to reduce corruption in the government by means of increasing civil service salary. Lindner (2013, p. 3), for example, argued that:

Higher government wages are correlated with more corruption. Higher pay may worsen corruption by crowding out other funding necessary for the provision of public services, thereby undermining the efficiency and productivity of public service delivery, while not addressing some of the contributing factors that provide opportunities for corruption.

Another factor of this failure may have been the pre-existing corruption tolerant organizational schemata resulting from a long period of normalization. In the case of Indonesia, the three decades of Suharto's regime had shaped the schemata of an entire generation of civil servants. Suharto's success to change the schemata of the Indonesian people during the New Order era was due to his ability to understand the Javanese people's schemata as a dominant culture in the government and then to adopt some of its elements to gain supports to engineer, among others, public institutions' organizational schemata to resemble his own. Due to the extensive corruption normalization, the lack of guilt from committing corrupt acts due to rationalization, for example, may cause corrupt civil servants to consider a salary increase simply as an additional income without any perceived obligation to stop the corrupt acts.

When it comes to rationalization of corruption in the Indonesian public sector, we need to see it as more than just a problem in the system, as it covers a wider area including behavioral and cultural traits in public institutions. Budiman *et al.* (2013, p. 139) were of the opinion that corruption has been a part of the structure of Indonesian public service institutions for a long time which also makes it part of their daily activities. Schwartz (1998) stated that:

Corruption in Indonesia has been shamelessly excused by some Western observers as culturally acceptable to Indonesians, dismissed by many aid donors as a small price to pay for economic development, and rationalized by many foreign investors as helping to grease the wheels of an otherwise unresponsive bureaucracy.

Referring to the corruption normalization model developed by Ashforth and Anand (2003), the study by Budiman *et al.* (2013) suggested that the four most common rationalizing ideologies (justifications) of corrupt acts used by Indonesian civil servants who served in the New Order era were *denial of responsibility*, *social weighting*, *appeal to*

higher loyalties and the metaphor of the ledger. All of these were essentially the products of over three decades of extensive and systematic corruption normalization by the Suharto regime.

In terms of *denial of responsibility*, evidences suggest that Indonesian civil servants who committed some forms of corrupt act often argued that they had no choice due to circumstances beyond their control such as low income (Budiman *et al.*, 2013, p. 143). As argued by Ashforth and Anand (2003, p. 18), offenders commonly use management orders, peer pressure, financial pressure, misguidance, organization's past practices, "everybody is doing it" excuse, just to name a few, to justify their misconducts. For example, as expressed by an Indonesian civil servant (Budiman *et al.*, 2013, p. 143):

Realistically, for a senior employee like me, if we lived based on my basic salary, no incentives, no teaching, and not having a wife who is employed as a civil servant, my family would not have survived.

Despite the above justification, once corrupt acts are frequently perpetrated, they will require less effort to justify, and in the long run, no justification whatsoever is required as no cognitive dissonance results from the offence. As corruption becomes second nature to the civil servants, greed instead of need will be the driving factor. As described by an Indonesian civil servant (Budiman *et al.*, 2013):

The most worrying to us is that some turn their behavior from normal to being over the acceptable limits. An employee is supposed to be able to live the way they should simply, but some become a greedy person and a lot of what they did was not to meet their basic needs. One person like this would be far more dangerous than one thousand people who commit small-scale corruption, those who only do it to overcome their daily needs.

In more than a few cases, even Indonesian public officials in high positions are still perceiving themselves to be underpaid. For example, many state and regional Parliament members in Indonesia said that they still need to seek for additional income from their positions. One of the reasons for this is their obligation to make financial contributions to their political parties that brought them into office. As described by Mietzner (2007, pp. 245-246):

The decline in direct state funding had an immediate impact on party representatives in the national and local legislatures. Determined to make up for lost revenue, central party leaderships instructed their members who held parliamentary seats to increase their contributions to the party. Before the cut in subsidies, party boards had asked for 10 to 20 per cent of parliamentarians' salaries; after 2005, however, this figure could reach up to 40 per cent. "One parliamentarian from PAN reported that his party doubled the requirement for donations from Rp 5 million to Rp 10 million in November 2006". In addition, members of parliament were increasingly asked to help pay for party functions and other activities, reducing their take-home salary even further.

The low salaries especially those of low level Indonesian civil servants may represent an actual threat to their wellbeing in which corruption is perceived as a logical solution to the problem. However, as they rise through the ranks and become high ranking public officials, they will carry with them this normalized behavior and regardless of their increasing salaries, they will always feel in the financial pressure, and corruption is the only solution. As demonstrated by the former Governor of Banten Province, Ratu Atut, and her extended families, sometimes even maintaining lifestyle can seem like a serious matter for some people.

In the case of middle class society in Indonesia, for example, evidence suggests that its members need to maintain the class membership by means of lifestyle such as social relations, consumption, entertainment and clothing (Ansori, 2009, p. 91). Therefore, it is commonplace in Indonesia that a person's class membership is continuously evaluated through consumption patterns and lifestyle (Ansori, 2009, p. 91). A similar trend is also exhibited by people from the upper class society, as many appear to be maintaining their social status by living extravagant lifestyles. Among these people are those who hold positions in the government. Evidence suggests that extravagant lifestyles may drive Indonesian public officials to amass wealth through their positions. Dr Rob Goodfellow, a cultural expert from Cultural Consulting, explained^[11] that high consumerism in Indonesia may have been caused by the experience from over three centuries of colonization due to which society generally admire symbols of a bright future (e.g. luxurious life) (Goodfellow, 2015). In relation to Indonesian politicians, as argued by Mietzner (2007, p. 256):

Needless to say, politicians also siphon off considerable amounts of money to sustain their own extravagant lifestyles, but equally significant portions of the corrupted monies flow back into party activities that in other states would be covered by public subsidies for political parties and their officials. The other important impact of this trend has been a wide-ranging [...] The other important impact of this trend has been a wide-ranging transformation of the socio-political profiles of party politicians. While some politicians engage in corruption to become rich in office, an increasing number of already wealthy entrepreneurs have entered politics precisely because their money has provided them with the necessary means to seek public office.

In terms of *social weighting*, Budiman *et al.* (2013, p. 144) argued that, in relation to corrupt acts, Indonesian civil servants tend to “condemn the condemners” by, for example, expressing strong condemnation of high-level public officials committing grand scale corruption. Many Indonesian civil servants who had committed corrupt acts would argue that corruption continues to grow in the nation because of the poor leadership of the high ranking public officials as well as their corrupt behavior (Budiman *et al.*, 2013, p. 144). Through this denial, they attempted to make others see that their corrupt acts are not as bad as what they thought. In the post-Suharto era, with the freedom of the media, public can easily see this type of denial used by high profile corruption suspects on various mass media. Generally, many Indonesian public officials, after their naming as corruption suspects by the KPK, pointed their fingers at other officials with supposedly equal or worse corrupt acts (i.e. selective social comparison). For example, in April 2012, a former treasurer of the Democratic Party and a parliament member, Muhammad Nazaruddin, was found guilty by a Jakarta court and sentenced to four years ten months' jail as well as a US\$20,000 fine. Later, the Supreme Court increased his jail sentence to seven years with a US\$30,000 fine (Fealy, 2013, p. 104). Throughout the investigation and prosecution process, he resorted to “social weighting” denial by making a string of allegations against other politicians including a former beauty queen-turned-parliamentarian Angelina Sondakh, the Youth and Sports Minister Andi Mallarangeng and the Democratic Party chair Anas Urbaningrum, which led to a series of high-profile corruption investigations and prosecutions by the KPK (Fealy, 2013, p. 105).

In Indonesia, the sense of being a family is often part of the organizational culture expected to increase productivity by interpersonal relationship in which loyalty to one

another is a central value (i.e. *appeal to higher loyalties*). However, as evidenced by the numerous cases of group corruption, loyalty often extends to supporting one another for or by means of corrupt acts. As Sykes and Matza (1957, p. 669) put it:

[...] internal and external social controls may be neutralized by sacrificing the demands of the larger society for the demands of the smaller social groups to which the delinquent belongs such as the sibling pair, the gang, or the friendship clique. It is important to note that the delinquent does not necessarily repudiate the imperatives of the dominant normative system, despite his failure to follow them. Rather, the delinquent may see himself as caught up in a dilemma that must be resolved, unfortunately, at the cost of violating the law.

With loyalty as a central value in the organization, civil servants often feel obligated to support their superiors or colleagues to sort out even their personal problems. For example, one of the Indonesian civil servants studied by Budiman *et al.* (2013, p. 144) said:

To help and to overcome problems for civil servants, although small, we also had to become involved in this corruption. But my feeling as a civil servant is that it was wrong. We knew that the salary was small. Then, one of my staff had a child fall sick or pass away or her husband was hospitalized in Jakarta. She had no money to support herself. Well, for the sake of human compassion, I had to assign her to do an official trip to Jakarta, although she didn't have any work to do there. In the administration system, this was not allowed. But, we allowed it.

Many corrupt leaders often intentionally nurture the spirit of oneness within their organizations so as to maintain the sustainability of their corrupt networks. Glynn *et al.* (2000, p. 144) argued that in Indonesia, there is the "*hutang budi*" or "debt of kindness" principle which ensures that reciprocal obligations are "called in" and honored. Honoring the principle may also take the form of not reporting misconducts or corrupt acts. During the New Order era, this behavior was condoned by the regime through its patrimonial network where patrons ensured their clients' loyalties by granting them various privileges in particular for supporting their businesses. Johansson (2014) pointed out the fact that despite the end Suharto's authoritarian regime in 1998, patrimonialism still resides within the current system, and the oligarchs (and their clients) have been adapting themselves to maintain their existence and power in the decentralized system.

According to a cultural expert from Cultural Consulting, Dr Rob Goodfellow, in a discussion with first author, a well-known cultural trait of Indonesia is the ritual of excessive politeness in personal or professional interactions. In relation to the previously discussed *maintaining norm schema*, such a behavior is believed to have contributed to the pervasiveness of corruption in Indonesia. While such a politeness may symbolize respect to families and friends, it often causes people to be unwilling to criticize others especially those in higher status or positions who engage in misconducts or corrupt acts. Organization members who do not go along with the corrupt acts by their peers or superiors will be exiled or even sacked. The need to maintain social identity in the organization by condoning corrupt acts is also believed to be part of the problem.

In a focus group discussion organized by the first author, fraud auditors from Ernst & Young Jakarta argued that there is still a culture of patronage within many companies in Indonesia at present which may foster fraud and misconduct (Sianturi *et al.*, 2015). Within this culture, employees are more likely to demonstrate excessive loyalty to their superiors preventing them from reporting fraud or misconduct by their colleagues or superiors (Sianturi *et al.*, 2015). One of the findings from the study by Budiman *et al.* (2013, p. 145) was

that the use of corrupt funds in public institutions during the New Order era was often discussed openly among civil servants. The funds were then allocated to supposedly serve the broader objectives of the organization or simply to provide assistance for employees with financial needs (Budiman *et al.*, 2013, p. 145). Referring to the prevalent corruption within the Indonesian bureaucracy, Palmier (2006, p. 147) argued that:

[...] it is deficient in one important sociological respect: it may deflect attention from an important characteristic of corruption, namely that it is almost always a conspiracy which includes the perpetrator of the corrupt act and his accomplices. But what is wrong with corruption? Why should not a public official with time on his hands use it to increase his income? The answer given is that it brings into question loyalty to the employer, that is, the public good.

As highlighted by Fukuoka (2012), part of the changes after the fall of the Suharto regime was the increasing independence of business elites from politico-bureaucratic elites as the former now have more access to state resources with lesser need for assistance from the latter. On the other hand, within the current decentralization system, it appears that business elites are often seen providing political elites with financial supports for competing in the regional elections (Fukuoka, 2012). This also means that some business elites may now also assume the roles of patrons with politicians as their clients in the decentralized system. With party financing from the government declining after the fall of the Suharto regime as well as the numerous regional elections, the need to invite more financial supporters is becoming more pressing for politicians to maintain their power. This has created an environment which promotes rent-seeking activities within regions in the country. As illustrated by Mietzner (2007, p. 239):

[...] a large number of corruption cases brought against party politicians both confirm and reinforce this trend, “Money politics” has become a household phrase in Indonesia to depict the moral decadence of party politicians, describing their dual practice of accepting bribes from patrons and distributing money to gain or maintain office.

In terms of the “metaphor of the ledger” type of denial, some Indonesian civil servants believe that with all the hard works they have performed as well as their level of education, they deserve more than what they earn from their salaries. During the New Order era, for example, in addition to the echeloning system (based on seniority), many Indonesian public offices were overstaffed, and thus only a few actually made it to rise to the top (Budiman *et al.*, 2013, p. 144). This had caused many civil servants to believe that they had been treated by injustice in particular related to their skills and trainings which, combined with low salary, drove them to engage in corrupt acts (Budiman *et al.*, 2013, p. 144). Despite the lower salary compared to those in private sector, some public officials do make it to the top and as a result enjoying high salaries. But even these officials are not immune to the temptation to corruption. With many corruption cases involving high profile public officials of the highest pay grades in Indonesia, many would argue against the effectiveness of increasing salaries as a means for reducing corruption.

The potential occurrence of this type of the “metaphor of ledger” rationalization within public institutions can be assessed by, among other things, observing their members’ attitude toward compensation. Rijsenbilt and Commandeur (2013) believed that, as a proxy measure for narcissism, compensation can be viewed from three core dimensions of narcissism:

- (1) the highest compensation will put an individual in the center of attention (authority);
- (2) an individual feels that he or she deserves the highest compensation because he or she is extraordinary and special (self-admiration) and thus better than others (superiority); and
- (3) an individual perceives that he or she deserves the highest compensation due to his or her perceived remarkable achievements (entitlement).

In terms of Indonesian public official's attitude toward compensation, there were some behavioral signs from the previous governments that demonstrated their desire for excessive compensation and other financial benefits. For example, according to the data from the Independent Parliamentary Standards Authority and the International Monetary Fund, the salary of the Indonesian House of Representative members (US\$65,800 per year) is the fourth highest in the world in comparison to the country's per capita income (around 18 times per capita income of the year) ([The Economist, 2013](#), p. 50). Even in the USA, representatives' US\$174,000 salary per year is only three times the country's per capita income ([The Economist, 2013](#), p. 50; [Prabowo, 2014](#)).

The entitlement dimension is associated with one's belief that he or she deserves more than what he or she actually accomplishes which is often associated with one's interpersonal exploitativeness (enjoying manipulating and exploiting others and expect favors from others) ([Emmons, 1984, 1987](#); [Kaufman, 2010](#)). Generally, due to their need for self-affirmation, narcissistic leaders will tend to set their goals unrealistically high and drives them to take risky actions that may lead to the occurrence of fraud within their organizations ([Duchon and Drake, 2009](#); [Rijsenbilt and Commandeur, 2013](#)). For example, as evidenced by many corporate failures all around the world, many company executives are vulnerable to the temptation to play loose with their companies' financial statements to build and live in their fantasy world of their companies' financial strength ([Amernic and Craig, 2010](#), p. 80; [Rijsenbilt and Commandeur, 2013](#), p. 413).

Directions for future improvements

Re-engineering a three-decade-old schemata in Indonesia is never an easy task. The normalization of corruption in the New Order regime was so systematic and widespread that it literally shaped the schemata of an entire generation. Therefore, the reversal process needs to be carried out by first identifying and understanding various elements that constitutes the three pillar of institutionalization, rationalization and socialization. This requires extensive and detailed studies on the various behavioral phenomenon in the government and the society.

Many observers advocate administering a strong shock ([Ashforth and Anand, 2003](#), p. 37) as means to weaken the structure of normalized corruption in Indonesia which requires active roles from the leadership within public institutions in Indonesia. Such shocks can take the form of severe sanctions for the offenders such as demotion or, if the offence is serious enough, being reported to the authorities. The shocks will make other organization members to think twice before engaging in even small corrupt acts. This approach, however, requires the presence of morally strong leaders within the organizations. Once a morally sound leader is appointed to manage a corrupt organization, the next step is to identify each element of the existing corruption normalization process and develop countermeasures accordingly.

While often seen as less effective on its own, the whistle-blowing system is an important element of corruption prevention and detection mechanism within public institutions. Organization members' intention to report corrupt acts will ensure the effectiveness of the system. Referring to [Ajzen's \(1991\)](#) theory of planned behavior, [Park and Blenkinsopp \(2009, p. 546\)](#) believed that an organization member's intention to blow the whistle is largely influenced by attitude toward the behavior, subjective norm and perceived behavioral control. [Winardi's \(2013\)](#) study concluded that the three determinants influence low-level civil servant's intention to blow the whistle on corrupt acts in public institutions in Indonesia which suggests that the three factors must be taken into consideration in increasing the effectiveness of whistle-blowing systems in the Indonesian public sector.

Many small and seemingly insignificant corrupt acts may later on turn into serious offences if they are perpetrated frequently. Periodical reviews on the existing structure and procedures within an organization must be performed to ensure that no part of organization's operations constitutes corruption. Should any part of the operation be found to be of corrupt nature, it must be erased from organizational memory immediately. This includes identifying unofficial practices by organization members outside the formal structure. Essentially, to negate the effects of the corruption normalization process from the previous regime, a long and systematic corruption "de-normalization" process is required. The "de-normalization" process is discussed in more detail in authors' other paper, "De-Normalizing Corruption in the Indonesian Public Sector through Behavioral Re-Engineering".

Conclusion

The complexity and the elusive nature of corruption has made it difficult for many countries to properly address the problem. Factors such as insufficient legislation, weak enforcement, weak democracy, lack of transparency and accountability, wide authority given to public officials, absence of effective checks and balances and perverse incentives ([United Nations Office on Drugs and Crime, 2012](#)) have been the focus of various anti-corruption initiatives all around the world. However, studies also found that behavioral factors are also playing an important role in causing rampant corruption problem in the world. Ignorance of these factors may lead to failures in achieving the objectives of corruption eradication strategies.

Using three behavioral lenses, namely, the Schemata Theory, the Corruption Normalization Theory and the Moral Development Theory, this paper discusses corruption in the Indonesian public sector by highlighting various issues surrounding the resilience and regeneration of corruption in the country. This paper shows that the normalization of corruption has been systematically carried out since the New Order regime through, among others, multiple behavioral engineering means. One of the results of this long and extensive normalization is the persistent corruption problem in Indonesia. Even long after the fall of the Suharto regime, the three processes of institutionalization, rationalization and socialization can still be found in many parts of the Indonesian public sector.

At the center of the corruption problem is the patrimonial leadership style which many believe to have facilitated the rent-seeking practices in the public sector resulted in corrupt acts such as bribery and procurement-related corruption. The decentralization system is also believed to increase corruption at the local levels. The rent-seeking activities are now becoming decentralized, creating political and economic uncertainty within the local governments. From the three behavioral perspectives used in this study, to overcome the corruption problem in the Indonesian public sector, it is of utmost importance to first gain

sufficient understanding of the current building blocks of corruption normalization pillars before devising means and strategies to curb the problem. This is so as simply copying successful anti-corruption initiatives from other countries will not guarantee their effectiveness in Indonesia due to the differences in the behavioral characteristics of the people. Cultural and historical factors need to be taken into consideration when designing and implementing anti-corruption measures to achieve the desired results.

Notes

1. The authors would like to acknowledge the support provided by the Department of Education and Training Australia for the funding of this study through the 2015 Endeavour Research Fellowship Award.
2. Schemata (plural form of schema) are a mental codification of experience that include a particular organized way of perceiving cognitively and responding to a complex situation or set of stimuli (Merriam-Webster, 2015). According to the Cambridge Encyclopedia of Language Sciences (Hogan, 2011, p. 725), a schema is a “high-level conceptual structure or framework that organizes prior experience and helps us to interpret new situations”. The structure’s key function is to “provide a summary of our past experiences by abstracting out their important and stable components” (Hogan, 2011, p. 725).
3. In an organization, an individual may find his or her identity to answer the question of “Who am I?” (Ashforth and Mael, 1989, p. 22). Nevertheless, an individual’s social identity is derived not only from his or her workplace but also from other environments such as family, union, lunch group, age cohort, fast-track group, just to name a few (Ashforth and Mael, 1989, p. 22). Referring to the concept of “particularism and universalism”, an individual may deliberately compartmentalize their identities so as to be able to fit well in different environments (Ashforth and Anand, 2003; Ashforth and Mael, 1989; Settles *et al.*, 2002). This apparently extends to their attitude toward fraud which explains why some people appear honest in one environment (e.g. family) but are condoning fraudulent acts in another (e.g. workplace).
4. When President Sukarno issued the Order of March the Eleventh (*Surat Perintah Sebelas Maret* or *Supersemar*) on 11 March 1966, Lieutenant General Suharto had the authority to take whatever measures he deemed necessary to restore order after the attempted coup by communist supporters and what Indonesians term the *mass killing period* of 1965-1966 (Elson, 2001). The mass killing period followed the kidnapping and murder of six army generals by supporters of the communist party. During this time, it is estimated many thousands of members of the communist party and communist party sympathizers were killed.
5. The KPK only has the authority to investigate major corruption cases in Indonesia, small corruption cases are investigated by the Police and the Prosecutor Office. Therefore the commission’s statistics only shows the “tip of the corruption iceberg”.
6. An interesting fact about Angelina’s case is that she was one of the models for the Democratic Party’s anti-corruption advertisement during the election campaign in 2009 (Prabowo, 2012). Many believe that the promise of being a clean political party was a factor behind the party’s victory in the last election (Prabowo, 2012).
7. e.g. the East Timor conflict where a large majority of its population voted for independence in 1999.
8. The concept of power in the Javanese culture is very distinct from those of western countries. According to Anderson (1972, pp. 7-8), the Javanese see power as something “concrete,

homogeneous, constant in total quantity, and without inherent moral implications as such”, whereas contemporary Western culture perceives it as “an abstraction deduced from observed patterns of social interaction; it is believed to derive from heterogeneous sources; it is ill no way inherently self-limiting; and it is morally ambiguous”. In terms of concreteness, Javanese generally believe that power is some sort of intangible, mysterious and divine energy as a foundation of the universe (Anderson, 1972, p. 8). Such energy, despite the absence of physical evidence, is very real in the minds of Javanese and does not originate from its users. In terms of homogeneity, Javanese generally believe that, being a concrete energy, all power assume the same form that originates from the same source (Anderson, 1972, p. 8). It does not matter who wields it, be it a farmer or a noble, it will still be seen as the same power by the society. In terms of its self-limiting nature, power is perceived by Javanese as always in the same total amount (Anderson, 1972, p. 8). This means that, despite being wielded by many users, the total amount of power in the universe will never increase or decrease. The only thing that can be changed about power is its distribution which means for a power wielder to get stronger at least another power wielder must get weaker. In terms of moral implications, the fact that power is perceived as a divine energy emanating from a single homogeneous source makes it free of the questions of legitimacy (Anderson, 1972, p. 8). This means that it does not matter if a power is based on wealth, military force or any other means, power will always be admitted as power.

9. The authors would like to thank Mr Alexander Sianturi (Director), Ms Donna Salaki (Manager), Ms Rika (Manager), Ms Febrilly Andamary (Manager), Mr Stephan Kusuma (Manager) and Mr Yohanes Andriatno (Senior Manager) from Ernst & Young Jakarta for their time and valuable discussion for this study.
10. Within the decentralization system as stipulated by the Law No. 22 Year 1999, regions (provinces, districts and municipalities) will have full autonomy to govern and administer the interests of the local people as long as it is conducted within the parameters of the “Unitary State of the Republic of Indonesia” and in accordance to the *Pancasila* (the “five principles of state philosophy”) (Seymour and Turner, 2002, p. 38). The fiscal balance between central and regional governments were regulated by the Law No. 25 Year 1999. Under these laws, governments of provinces, cities and municipalities were given the authority to formulate their own policies and local laws (Butt, 2010, p. 178). The Law No. 22 Year 1999 was amended by the Law No. 32 Year 2004 concerning the Regional Administration which was subsequently amended by the Government Regulation in Lieu of Law No. 3 Year 2005 concerning Changes to the Law No. 22 Year 2004 and was finally amended by the Law No. 12 Year 2008 concerning the second amendment of the Law No. 32 Year 2004 concerning the Regional Administration. The Law No. 25 Year 1999 was amended by the Law No. 33 Year 2004 concerning the Fiscal Balance between the Central Government and the Regional Government.
11. During a discussion with first author.

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