**INTEGRITAS**
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# Regional head corruption and industrial growth: Evidence from Mojokerto Regency and City

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**Abstract**: There is a difference of opinion amongst experts regarding the impact of corruption on industrial growth. Many people believe that corruption will hinder industrial growth, but several studies (especially in Asia) have found that corruption is the grease for the wheel of business. This study seeks to examine the relationship between business and corruption by using case study methods and quantitative content analysis techniques on conditions in Mojokerto Regency and City, two regions in which industry is an important development sector. In the last four periods, the former Regent and Mayor of Mojokerto have been reported as being involved in corruption cases. Using secondary data from Badan Pusat Statistik, we examine the relationship between corrupt governments in the Regency and City of Mojokerto on industrial growth using secondary data from Badan Pusat Statistik (BPS). By using quantitative analysis on several parameters of industry growth (such as the number of workers, investment value, number of firms and number of products), we find that the regional heads who were involved in several corruption cases in both Mojokerto Regency and Mojokerto City could not bring about positive change in industrial growth during their tenure, instead overseeing some decline in both regions.
**Keywords**: Case Study; Mojokerto; Corruption; Industrial Growth

## Introduction

The physical remains of the largest kingdom that ever existed in Southeast Asia were scattered in Mojokerto. History records Mojokerto as the capital city of the prosperous Majapahit Kingdom with capable leaders. It is summarized in Panji stories that the kings uphold the values of heroism, respect for humanity, polite and equal social ethics, and diplomacy (Munandar, 2020) for the consolidation of power (Kieven, 2013). In the 1300s, the Majapahit Kingdom reached its heyday by uniting almost the entire archipelago, including Singapore, Malaysia, Thailand, Brunei Darussalam, Timor Leste and the Philippines. Lately, however, the constructive spirit of King Hayam Wuruk and Vice Regent Gadjah Mada does not appear to be instructive for the regional leaders of Mojokerto; in fact, even the word "Mojokerto" has recently become synonymous in mass media (printed and online newspaper) with corruption from regional heads. In at least the last four periods, both the former Regent and Mayor of Mojokerto have been reported as being involved in at least one corruption case, not including corruption cases involving DPRD officials or members. Corruption has slowly shifted the image of this region.

Meanwhile, on both the official website of the Mojokerto Regency Government (Pemerintah Kota Mojokerto, 2013) and the City of Mojokerto Government (Pemerintah Kota Mojokerto, 2017), industry is a mainstay of potential development sectors. Industry is defined as an economic activity of changing basic good mechanically, chemically, or by hand so that it becomes a finished/semi-finished product and/or an item of less value into an item of higher value, which is closer to the end-user (Badan Pusat Statistik Kota Mojokerto, 2016). The small city of Mojokerto has a variety of processing industries such as silver, cigarettes, convection, food, and beverages. Meanwhile, Mojokerto Regency is home to various industries such as base metals, fertilizers, textiles, and other processing industries. Mojokerto Regency intensively develops Industrial Estates in various places such as Ngoro (500 hectares), Mojoanyar (500 hectares), and a

combination of 10.000 hectares in Jetis, Kemlagi, and Dawarblandong district (Pemerintah Kota Mojokerto, 2013). At first glance, this industrial development effort can be seen in contrast to the disclosure of various corruption cases within the regional government.

Indonesia is entering an era where those elected to public office are predominantly business people. The root of political corruption in Indonesia is the mixture of politics and business, which creates an opportunity for conflicts of interest (Syarif & Faisal, 2019).

The behavior of local officials in the Regency and City of Mojokerto is synonymous with political corruption. This is a form of abuse of authority in government for personal gain (Kramer, 1998). The effect of corruption on the manufacturing industry in Indonesia has been studied by Vial and Hanoteau using panel data during the Suharto era (1975 - 1995). As a result, the practice of bribery and indirect tax payments has been shown to have a significant negative effect on industrial growth (Vial & Hanoteau, 2010). Corruption has a negative effect on economic growth if it is above the corruption threshold and vice versa if it is below the corruption threshold (Alfada, 2019). However, in another study, corrupt practices were not shown to have a significant effect on industrial growth (Fisman & Svensson, 2007; McArthur & Teal, 2002). Some studies (especially in Asia) have even found that corruption is the "grease of the wheel" that lubricates business (Nawatmi, 2016; Wei, 1999).

Because of this difference, we aimed to conduct research related to the corrupt behavior of regional heads that occurred in Indonesia in the post-New Order era and the effect of that behavior on industrial growth. Mojokerto Regency and City were chosen because, in these two regions, the regional leaders have been proven to be involved in corruption cases in at least the last four periods.

**Table 1.** Corruption Case of Mojokerto's Regional Head

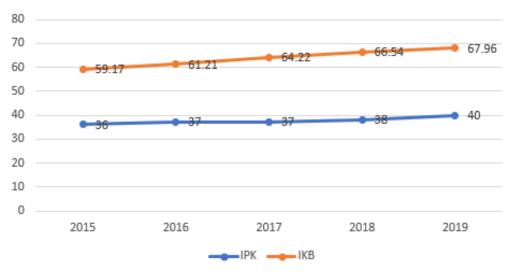| Region | Name | Period | Case |
|---|---|---|---|
| Mojokerto City | TGS | 1994-2003 (2 periods) | corruption in the sub-district expansion program funds in Mojokerto City |
| | AGS | 2003-2013 (2 periods) | alleged corruption in the transfer of village treasury land asset status (Ishomuddin, 2014) |
| | MSY | 2013-2018 | involved in the bribery case discussing changes to the APBD of the Public Works and Spatial Planning for the 2017 fiscal year |
| Mojokerto Regency | ACH | 2000-2008 (2 periods) | proven to have corrupted regional treasury funds worth IDR 30.9 billion |
| | SWD | 2008-2010 | proven to have committed corruption himself by requesting disbursement of funds without a Payment Order beside received a cash flow from ACH |
| | MKP | 2010-2018 (2 periods) | Involved in bribery related to obtaining space utilization permits and permits to construct several telecommunication towers |

Corruption takes a significant toll on any economy. The World Bank (2001) states that corruption is a major obstacle to economic and social growth. Corruption negatively affects economic growth, GDP per capita, investment activity, international trade and price stability (Dreher & Herzfeld, 2005). Dreher and Herzfeld's literature review states that Indonesia's GDP decreases annually by an average of 0.19% due to corruption, whilst GDP per capita decreases by an average of US $599 each year. The Corruption Perception Index (Indeks Persepsi Korupsi/IPK) and Indonesia's Ease of Doing Business Index (Indeks Kemudahan Berusaha/IKB) data in the last five years have the same tendency: the higher the IPK, the higher the IKB (Pusparisa, 2019). This means that in Indonesia, the business climate is directly related to the level of corruption (Figure 1).

Unfortunately, corruption in Indonesia is widespread among government officials people's representatives, and the wider community (Badan Pusat Statistik, 2019). The Anti-Corruption Behavior Index (Indeks Perilaku Anti Korupsi/IPAK) survey conducted by the Central Statistics Agency from 2012 – 2020 shows that IPAK tends to fluctuate from year to year. In 2020, the IPAK score was at 3.84, whilst the government has been targeting 4.00 in its plan (Badan Pusat Statistik, 2020). Some conclusions to consider in this survey are: (1) In the IPAK 2019 survey, young
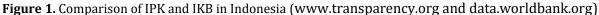
respondents (<40 years old) were more permissive to corrupt behaviour, though this outcome was reversed in the results of the IPAK 2020 survey; (2) In the IPAK 2019 survey it was also stated that the public is increasingly permissive of corruption in a family environment; and (3) In the IPAK 2020 survey, it was found that there are still many people and business actors who pay more than the provisions when accessing public services.

Increasingly, the public sees that successful law enforcement of corruption cases is an unlikely achievement. This shows the tragic side of the corruption mentality (Santoso et al., 2014).

Based on this, the author will compare how corruption affects the industry. The following data was obtained from the publication of the Regency and City of Mojokerto Central Statistics Agency (BPS), which is available via its official website.



**Figure 1.** Comparison of IPK and IKB in Indonesia (www.transparency.org and data.worldbank.org)

## Methods

This is case study research. We use case studies for several reasons: First, there is a distinct corruption phenomenon that has occurred successively period by period (as shown in Table 1) in Mojokerto, even though it is an industrial development-oriented area. Second, we cannot explore this issue with other approaches due to limited access to data and sources that are sensitive to the effects of corruption. The data analysis technique used is quantitative content analysis. Content analysis is used to make valid conclusions from texts or other meaningful sources, provide new insights and increase our understanding of this corruption phenomenon (Krippendorff, 1991).

We ran theoretical sampling to select research objects in this case study. We use the parameter of industrial growth within the period of regional heads who were involved in corruption during the last few periods in Mojokerto Regency and City. The data used is secondary data obtained from the website of Badan Pusat Statistik (BPS) of Mojokerto Regency and City. For Mojokerto Regency, industrial output data is based on 2012, 2013 and 2019, according to available data, whilst for Mojokerto City, it is based on 2014 and 2016, according to available data.

We used quantitative content analysis to find the effect of corruption on industrial growth, which is manifested in several parameters. The technique used in this method is a calculation of each variable to obtain the industrial output value, namely by reducing the industrial output for the final year by the initial year, which is then divided by the output for the initial year and multiplied by 100% as in Equation 1:

$$\text{Industry Growth } (y) = \frac{(\text{industry output year } 2 - \text{industry output year } 1)}{\text{industry output year } 1} \, x \, 100\% \quad \text{....................} \quad (1)$$

For Mojokerto Regency, the classification of industrial output is based on the type of goods produced by the industry, with 2012 being the initial year and 2019 being the final year. As for

Mojokerto City, the classification of industrial output is based on the type of industry, with 2014 being the initial year and 2016 being the final year. The analysis technique used is to compare the changes that occurred within the year in which the analysis was being carried out.

In this study, several variables are used, which are the constituent components of industrial output (in equation 1 above), including the number of companies ($x_1$), number of workers involved ($x_2$), production value ($x_3$) and the investment value ($x_4$).

For Mojokerto City, the variables used are $x_1$, $x_2$, $x_3$ and $x_4$ (Equation 2); meanwhile, for Mojokerto Regency, the $x_1$ and $x_2$ (Equation 3) variables are used.

The resulting equation for the City of Mojokerto is as follows:

$$\text{Industry Output} = \frac{(\Delta x1 + \Delta x2 + \Delta x3 + \Delta x4)}{4} \ where \ \Delta = \frac{variabel \ x \ year \ 2 - variabel \ x \ year \ 1}{variabel \ x \ year \ 1} \ \dots\dots\dots (2)$$

The resulting equation for Mojokerto Regency is as follows:

$$\text{Industry Output} = \frac{(\Delta x1 + \Delta x2)}{2} \ where \ \Delta = \frac{variabel \ x \ year \ 2 - variabel \ x \ year \ 1}{variabel \ x \ year \ 1} \ \dots\dots\dots (3)$$

The 'number of companies is the number of companies that are established in the respective districts and cities of Mojokerto. The number of workers indicates the number of workers absorbed by companies in various industrial sectors. Production value is the amount of rupiah made from the products that the industry generates. The investment value is the amount of rupiah invested into the sector by investors.

The hypotheses used in this study are:

$H_0 = y \geq 0$ (corruption doesn't have a negative effect on industrial growth)
$H_1 = y < 0$ (corruption has a negative effect on industrial growth)

### Result and Discussion

#### Regional Profiles

Both Regency and City of Mojokerto have an area that is small when compared to other regencies. Mojokerto Regency has an area of around 969,360 square kilometres, which is only 2.09% of the area of East Java Province. Meanwhile, Mojokerto City has an area of around 16.47 square kilometers.

In terms of layout, Mojokerto Regency and City are the buffer areas for the Metropolitan City of Surabaya. Both are part of the Gerbang Kertasusila group, which surrounds and has a direct influence on Surabaya, the capital city of East Java Province. As a buffer zone, the economies of these two regions are relatively advanced in line with the economic growth in Surabaya. Sectors affected by the swift market demand are real estate, trade and transportation. Surabaya and Mojokerto are directly connected by commuter trains. The National Road that connects Surabaya and Mojokerto is always busy, reflecting the mobility of the population in the two regions. In 2017, the number of commuters from Mojokerto Regency whose main activities are outside Mojokerto Regency and City is almost 93 thousand people, while commuters who come from outside Mojokerto Regency and City whose main activities are inside both regions has as many as 62 thousand people. The number of commuters in Surabaya whose main activities are outside the city of Surabaya is 62 thousand people, while the commuters who come from outside Surabaya whose main activities are in the city of Surabaya are as many as 173 thousand people (Badan Pusat Statistik, 2017).

Administratively, Mojokerto Regency has 18 Districts, 299 Villages and five Sub-districts (Pemerintah Kota Mojokerto, 2013), while Mojokerto City has three Districts and 18 Sub-districts (Pemerintah Kota Mojokerto, 2020). Mojokerto Regency is bordered by Gresik Regency and Lamongan Regency in the north, Sidoarjo Regency and Pasuruan Regency in the east, Batu City and Malang City in the south and Jombang Regency in the west. Mojokerto City itself lies in the centre of Mojokerto Regency.

In terms of budget, in 2020, these two regions generated a large portion of Regional Original Income (Pendapatan Asli Daerah/PAD). More than one-fifth of regional expenditure needs are

derived from the ability of the regions to generate their own income. Although the majority are still supported by Balanced Funds (Tax / Non-Tax Sharing Funds, General Allocation Funds, and Special Allocation Funds), these two regions are able to generate significant portions of regional revenue. This is because the industrial, trade and service sectors in the two regions are relatively developed. Mojokerto Regency has PAD of IDR 542,338,009,277.48. This amount includes 21.5% of the total regional revenue budget of IDR 2,507,879,900,336.48 (Peraturan Daerah Kabupaten Mojokerto Nomor 11 Tahun 2019 Tentang Rencana Pembangunan Industri Kota Mojokerto Tahun 2018-2038, 2019). Meanwhile, Mojokerto City has a PAD of IDR 205,935,512,000.00. This amount equals 23.2% of the total regional revenue budget of IDR 885,815,848,000.00 (Peraturan Walikota Mojokerto Nomor 99 Tahun 2019 Tentang Penjabaran Anggaran Dan Belanja Daerah Tahun Anggaran 2020, 2019).

**Description of Corruption Cases for Regional Heads**

Mayor of Mojokerto for the period 1994 - 2003 (two periods) TGS was convicted in 2008 by the Mojokerto District Court for not being able to account for APBD funds amounting to IDR 2.2 billion. These funds should have been used for a sub-district expansion program in Mojokerto City. TGS filed an appeal to PT Surabaya, but his conviction was not overturned. Then TGS filed a cassation to the Supreme Court, but the decision of cassation remains with 1.5 years in prison according to a copy of the Supreme Court's decision No. 520 K/Pidsus/2009 tg/ 30 December 2011. TGS has not been imprisoned due to poor health (Parkinson's Disease). This case also involved the former chairman of the Mojokerto City DPRD and his Head of Finance (Chariris, 2019).

In the 2013 regional elections, MSY was elected as Mayor of Mojokerto. MSY and his subordinate, the head of the PUPR service, were caught red-handed by the KPK bribing three leaders of the Mojokerto City DPRD in a bribery case discussing the 2017 revised APBD. The head of the PUPR service was sentenced to 2 years in prison and fined Rp. Two hundred fifty million on 10 November 2017. Three leaders of the Mojokerto City DPRD who received bribes from MSY were sentenced to 4 years in prison and fined Rp. 200 million. MSY himself was sentenced to 3.5 years in prison and a fine of IDR 250 million subsidiaries from the Surabaya Corruption Court on 4 October 2018. His political rights were also revoked for three years (Budianto, 2020).

Next, we turn to the corruption case of the regional head of Mojokerto Regency. ACH, the regent for the period 2000 - 2008, was sentenced by the Surabaya Corruption Court to nine years in prison after being proven to have corrupted regional treasury funds amounting to Rp30.9 billion. In 2008, ACH ran for governor of East Java but lost. The corruption also involved the deputy regent, SWD, who subsequently replaced ACH because he was participating in the provincial election (Chariris, 2020).

SWD, the regent from 2008 to 2010, was also involved in his own corruption case. He received a slush of funds amounting to IDR 5.3 billion from ACH and was also proven to have committed corruption himself by requesting disbursement of funds without a Payment Order (Surat Perintah Membayar/SPM) (Wibowo, 2012).

SWD's replacement was MKP, who was elected as regent of Mojokerto in two elections (2010 and 2015). Having not yet completed his second term in 2008, he was caught by the KPK as a suspect in an Rp2.3 billion bribery case. This bribe was related to the processing of space utilization permits and permits to build several telecommunication towers in Mojokerto. Furthermore, MKP had received gratuities from a number of projects. The number of gratuities received reached Rp. 34 billion, much of which was laundered by relatives. (Rahma, 2020). MKP's wife, IFM, was elected in the regional elections for Mojokerto Regency in 2021.

**Analysis of the Effect of Corruption on Industry**

Mojokerto City

Based on the availability of data accessed on the BPS of Mojokerto City website, an analysis of industrial developments during the 2014-2016 period was carried out. This period was the tenure

of mayor MSY. The results show that in several variables, Mojokerto City experienced negative growth (Table 2 and Table 3).

In the variable 'number of companies' (x1), in 2016, there was a decrease of 31%. This decline includes small, medium and micro industries. The largest decline occurred in micro and medium-scale industries.

In the variable 'number of workers' involved in the industry (x2), there was a large decrease in the absorption of labour demand in 2016 compared to 2014. The number of workers involved in the industrial sector fell by 83%. The largest decrease occurred in the medium-scale industry.

In the variable 'production value' (x3), in 2016, there was no significant change in total value compared to 2014 (constant). As shown in Table 2, there is no significant change in total, but there is a shift in the number of rupiahs produced in each industrial classification. The shift in production occurred from the medium to large industrial sector. Meanwhile, the production of the small and micro sectors tended to increase.

In the variable 'investment value' (x4), the value dropped dramatically in 2016 by a total of 78%. A significant decline occurred in the small and medium industrial sectors. Meanwhile, the investment value in large and micro industries increased by more than 400%, though the proportion in total was still relatively small.

Based on these four industrial growth variables, there has been negative industrial growth in Mojokerto. The biggest decrease occurred in the number of workers involved (-83%), followed by the investment value (-78%), and the number of firms (-33%).

Mojokerto Regency

The BPS website for Mojokerto Regency's data includes the number of medium and large industrial companies and workers by industrial sub-sector in 2012, 2013 and 2019. There are nine industrial subcategories. 2012 - 2019 was the period of the leadership of Regent Mustafa Kemal Pasha, who was caught in a bribery case relating to telecommunications towers with a gratuity value of IDR 34 billion (Table 4).

**Table 4.** Output Variables of Industry in Mojokerto Regency

| Industrial Classification | Establishments | Employee | Establishments | Employee |
|---|---|---|---|---|
| Industry/Year | 2019 | | 2012 | |
| Food, Beverages, and Tobacco | 30 | 4.734 | 39 | 6.149 |
| Textile, Clothes, Leather, and Socks | 9 | 4.043 | 37 | 5.079 |
| Wood, rattan, household furniture | 14 | 1.134 | 7 | 1.154 |
| Paper, paper articles, printing and publishing | 7 | 876 | 18 | 4.024 |
| Fertilizer, Chemicals, and Rubber | 41 | 2.306 | 42 | 3.358 |
| Cement, a non-metallic mineral, oil, and coal | 22 | 747 | 22 | 6.108 |
| Base metal | 16 | 10.775 | 27 | 2.237 |
| Conveyances, machinery and equipment | 8 | 7.041 | 7 | 400 |
| Other | 7 | 244 | 24 | 9.376 |
| Jumlah | 154 | 31.900 | 223 | 37.885 |

Source: https://mojokertokab.bps.go.id/

Based on the results of data processing, information (Table 4) was obtained that overall, there was a decrease in the number of companies in Mojokerto Regency by 31% from 2012 to 2019. The three industry classifications that experienced the largest decline were: the textile industry (76%), other processing industries (71%) and paper (61%). There was also a decrease in the number of workers involved in large and medium industries in Mojokerto Regency, from 37,885 people to 31,900 people in that same time period.

This means that there was a decrease in the number of workers by 16% from 2012 to 2019. The largest decrease occurred in other industries (-97%), cement, non-metallic mineral, oil, and coal (-88%) and paper, paper articles, printing, and publishing (-78%).

**Table 2.** Output Variables of Industry in Mojokerto City

| Industrial Classification | Establishments | Employee | Production Value (IDR million) | Investment Value (IDR million) | Establishments | Employee | Production Value (IDR million) | Investment Value (IDR million) |
|---|---|---|---|---|---|---|---|---|
| Industry/ Year | | | 2016 | | | | 2014 | |
| *Large Scale Industries* | 4,00 | 3.267,00 | 1.843.250,48 | 213.460,82 | 3,00 | 1.007,00 | 205.845,16 | 35.978,86 |
| *Medium Scale Industries* | 44,00 | 972,00 | 115.442,37 | 20.013,35 | 44,00 | 46.164,00 | 1.906.179,13 | 1.115.221,69 |
| *Small Scale Industries* | 570,00 | 5.331,00 | 282.631,99 | 23.770,73 | 808,00 | 6.663,00 | 180.337,49 | 35.122,63 |
| *Micro Scale Industries* | 879,00 | 1.828,00 | 80.453,19 | 6.833,27 | 1.308,00 | 13.236,00 | 28.827,74 | 1.292,31 |
| Total | 1.497,00 | 11.398,00 | 2.321.778,03 | 264.078,17 | 2.163,00 | 67.070,00 | 2.321.189,52 | 1.187.615,49 |

Source: https://mojokertokota.bps.go.id/

**Table 3.** Result Change of Variables of Industry in Mojokerto City

| | Establishments | Employee | Production Value (IDR million) | Investment Value (IDR million) |
|---|---|---|---|---|
| Change | (2016-2014)/2014 | | | |
| *Large Scale Industries* | $\frac{4-3}{3}=\frac{1}{3}=0,33=33\%$ | $\frac{3267-1007}{1007}=\frac{-2260}{1007}$=-2,24=-224% | $\frac{1843250,48-205845,16}{205845,16}=\frac{1637405,32}{205845,16}$=7,95=795% | $\frac{213460,82-35978,86}{35978,86}=\frac{177481,96}{35978,86}$=4,93=493% |
| *Medium Scale Industries* | $\frac{44-44}{44}=\frac{0}{44}=0=0\%$ | $\frac{972-46164}{46164}=\frac{-45192}{46164}$=-0,98=-98% | $\frac{115442,37-1906179,13}{1906179,13}=\frac{-1790736,76}{1906179,13}$=-0,94=-94% | $\frac{20013,35-1115221,69}{1115221,69}=\frac{-1095208,34}{1115221,69}$=-0,98=-98% |
| *Small Scale Industries* | $\frac{570-808}{808}=\frac{-238}{808}$=−0,29=−29% | $\frac{5331-6663}{6663}=\frac{-1332}{6663}$=-0,2=-20% | $\frac{282631,99-180337,49}{180337,49}=\frac{102294,50}{180337,49}$=0,57=57% | $\frac{23770.73-35122,63}{35122,63}=\frac{-11351,90}{35122,63}=-0,32=-32\%$ |
| *Micro Scale Industries* | $\frac{879-1308}{1308}=\frac{-429}{1308}$=−0,33=-33% | $\frac{1828-13236}{13236}=\frac{-11408}{13236}$=-0,86=-86% | $\frac{80453,19-28827,74}{28827,74}=\frac{51625,45}{28827,74}$=1,79=179% | $\frac{6833,27-1292,31}{1292,31}=\frac{5540,96}{1292.31}$=4,29=429% |
| Total Change | $\frac{1497-2163}{2163}=\frac{-666}{2163}=-0,31=-31\%$ | $\frac{11398-67070}{67070}=\frac{-55672}{67070}$=-0,83=-83% | $\frac{2321778-2321189,52}{2321189,52}=\frac{588,51}{2321189,52}$=0=0% | $\frac{264078,17-1187615,49}{1187615,49}=\frac{-923537,32}{1187615,49}$=-0,78=-78% |

Source: processed from BPS Mojokerto City's data

**Table 5.** Result Change of Variables of Industry in Mojokerto Regency

| Industrial Classification | Establishments | Employee |
|---|---|---|
| Industry/Year | Change | |
| Food, Beverages, and Tobacco | -23% | -23% |
| Textile, Clothes, Leather, and Socks | -76% | -20% |
| Wood, rattan, household furniture | 100% | -2% |
| Paper, paper articles, printing and publishing | -61% | -78% |
| Fertilizer, Chemicals, and Rubber | -2% | -31% |
| Cement, a non-metallic mineral, oil, and coal | 0% | -88% |
| Base metal | -41% | 382% |
| Conveyances, machinery and equipment | 14% | 1660% |
| Other | -71% | -97% |
| Total | -31% | -16% |

Source: processed from BPS Mojokerto Regency's data

### Conclusion

Based on the results of the analysis and discussion above, several conclusions were obtained: First, Industrial growth in Mojokerto has tended to decline in the 2014-2016 period. Based on four industrial growth parameters, there has been negative industrial growth in Mojokerto. The decreases occurred in the number of workers involved (83%), investment value (78%) and the number of firms (31%). Meanwhile, the number of products did not increase in 2016. And second, Industrial growth in Mojokerto Regency from 2012 to 2019 decreased by 31% for the number of companies and by 16% for the number of workers involved.

This study proposes a hypothesis that industrial growth will have a positive value if the current year's parameter is better than the previous year. Based on the results of our analysis, all parameters of industrial growth experienced negative growth whilst led by regional heads involved in corruption. Quantitatively, it can be concluded that corrupt regional leaders could not bring a positive change in industrial growth during their tenure.

### Limitations and Suggestions

This research has the following limitations: First, there is no direct correlation test between the influence of corruption on industrial development in the Regency and the City of Mojokerto. This occurs because no credible and relevant publications provide data on the ranking of the corruption perception index by district/city. There are IPAK figures published by BPS annually, but these figures are the sum of the national figures. Second, The data on measurement of industrial growth in Mojokerto Regency and City is incomplete, meaning that the corruption and industry effects cannot be more accurately compared in the same year and category. The measurement method is only based on changes in several available variables in BPS statistics. Third, An analysis of the causes of corruption occurring between periods in Mojokerto Regency and City was not carried out in this case study research. It would be pertinent to see if further research could reveal the causes of corruption "being passed down" from one regional head to the next. This is relevant as corruption can become a strong interpersonal network due to social interactions, especially family relationships (Rahman et al., 2018). Several regional heads in Mojokerto are noted to have family ties, such as MKP (2010-2018) and IFM (2021-present). In addition, it could be argued that the high level of corruption amongst regional heads in Mojokerto has occurred because there is a low local understanding or appreciation of corruption amongst public officials as a serious criminal offence (Mapuasari & Mahmudah, 2018).

Based on the limitations, there are two recommendations for subsequent research: (1) Conduct statistical tests to determine the effect of corruption on industrial growth based on data available in the wider area; (2) Make comparisons of equivalent industrial growth variables year by year to make them more comparable.

## Acknowledgement

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