

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/353356567>

How Indonesia Attempts to Prevent Corruption!

Article in *Oceanide* · January 2020

CITATIONS

6

READS

453

4 authors, including:



Hendi Prihanto

Universitas Prof.Dr.Moestopo (Beragama)

31 PUBLICATIONS 35 CITATIONS

[SEE PROFILE](#)



Haryono Umar

Institut Keu Perbankan Dan Inf Asia Perbanas

66 PUBLICATIONS 371 CITATIONS

[SEE PROFILE](#)



Sekar Mayangsari

Universitas Trisakti

59 PUBLICATIONS 200 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Measure competitiveness index [View project](#)



PENGAWASAN UNTUK PEMBERANTASAN KORUPSI Haryono Umar [View project](#)

This is an open-access article licensed under the Creative Commons Attribution-NonCommercial 4.0 International License (<https://creativecommons.org/licenses/by-nc/4.0/>)

How Indonesia Attempts to Prevent Corruption!

Hendi Prihanto¹, Etty Murwaningsari², Haryono Umar³, Sekar Mayangsari⁴

¹University of Prof. Dr. Moestopo (Beragama) Jakarta, Indonesia

^{2,4}University of Trisakti Jakarta, Indonesia

³Perbanas Institute Jakarta, Indonesia

Email: hendiprihanto@dsn.moestopo.ac.id

Abstrak

Corruption prevention is essential in avoiding state losses. The study aims to analyze the corruption prevention efforts undertaken by the Indonesian government through several factors approach, namely organizational culture, ethical leadership, code of ethics, and internal control systems. The study used a survey of all ministries in Indonesia with a sample of 875. Data collection used paper-based and virtually closed questionnaires given to respondents who met the criteria, and data analysis using SEM (Structural Equation Modeling) modelling with Lisrel tools. The results of statistical processing stated that organizational culture, code of ethics and government internal control systems have a positive effect on corruption prevention. In contrast, ethical leadership harms corruption prevention. Research is significant for the government in maximizing efforts to prevent corruption through improving the quality of the implementation of organizational culture, code of ethics and internal control systems. Carefulness in choosing leaders needs to be applied in risk mitigation because research results show that leaders have a high risk of committing corruption. Measurements in research can be used in government efforts and anti-racial institutions to prevent corruption and place leaders who behave ethically.

Keyword: Corruption Prevention, Organizational Culture, Ethical Leadership, Code of Ethics, Government Internal Control Systems.

I. INTRODUCTION

The problem of corruption is a disease that affects many countries in the world, and it is tough to prevent it. The efforts made always do not have a maximum impact and can control the corruption behaviour, because the perpetrators are mostly officials who have power, finance, education which can also be nurtured since they are still in school (Rahmawati & Susilawati, 2018) and have a position (Tuanakotta, 2007). For this reason, corruption is complicated to eliminate because every perpetrator who is also an official has a greedy, greedy and unsatisfied nature with what they have obtained (Singleton, Singleton, Bologna, & Lindquist, 2006; Yusof, 2016). For this reason, the greedy behaviour inherent in them sometimes uses and utilizes existing power to achieve their desires, one of which is to justify their actions even though they are contrary to correct ethics (Cressey, 1965; Crowe, 2011; Umar, 2016; Vousinas, 2019; Wolfe & Hermanson, 2004; Yusof, 2016).

Every year Indonesia strives to take precautions against these actions that are detrimental to the public by making various efforts such as: providing strict penalties and sanctions, issuing laws and regulations that are burdensome to perpetrators, the existence of a task force in each institution, cooperation programs and so on. However, these efforts have

not obtained maximum results as an indicator of success that corruption can be prevented. The inadequate prevention of corruption can be seen from the rampant perpetrators of corruption in government institutions carried out by state civil servants during 2004 - 2018, namely 887 acts of corruption, namely the following government agencies: DPR RI = 67, ministries 321, BUMN / BUMD = 56, Commission = 20, provincial government = 128, city/district government = 295 (KPK. 2018).

Losses due to corruption not only have an impact on assets but leave a mental and moral burden suffered by the entire country which is very dangerous because it can inhibit and worsen the country's economic growth due to corrupted budgets (Adebisi & Gbegi, 2015), in essence, the store affects performance (Murwaningsari, 2008). A good government structure oriented to the positive culture of a country will be able to prevent this corruption (Quah, 2015), besides that the culture of an organization plays a significant role in preventing corruption that can be done by management (Bierstaker, 2009; Umar, 2016) through educational development. Anti-corruption. Besides, the contribution of ethical leadership in organizations is significant in preventing corruption (Prabowo, Cooper, Sriyana, & Syamsudin, 2017). The existence of ethical leadership is an excellent example of compliance with the code of ethics that regulates the behaviour of the organization's residents to be effective in preventing corruption (Nawawi & Salin, 2018), then support for internal control in the organization is needed, because internal control and professional code of ethics are not implemented correctly can lead to corruption (Siregar & Tenoyo, 2015). Internal control is proven to affect the effectiveness of preventing corruption, while internal control does not guarantee that corruption can be prevented (Umar, Indriani, & Purba, 2019).

The many efforts to prevent corruption that has not been effective have resulted in state losses in assets and finances so that governance is needed that can regulate the organization to be more positive to prevent and detect fraud (Halbouni, Obeid, & Garbou, 2016; Hamid, Haniff, Othman, & Salin, 2011). For this reason, this research aims to analyze several factors that are predicted to be able to prevent corruption, such as organizational culture, ethical leadership, code of ethics and internal control systems that are implemented in high ministerial institutions in Indonesia.

II. LITERATURE REVIEW

1. Theory in Governance

In the view of Kybernology states that the existence of a government or the formation of a government aims to lead a life together as much as possible without harming others illegally; therefore the government is anti-corruption because all its activities seek to create and organize a corruption-free government (Ndraha, 2007). Therefore, in the administration of government, the legitimacy obtained by the government through legal means must have a match between the existence of public organizations that do not interfere with the existence of a value system that is applied to the community (Deegan, 2002) so that government becomes legitimate. In the view of Kybernology states that the existence of a government or the formation of a government aims to lead a life together as much as possible without harming others illegally; therefore the government is anti-corruption because all its activities seek to create and organize a corruption-free government (Ndraha, 2007). Therefore, in the administration of government, the legitimacy obtained by the government through legal means must have a match between the existence of public organizations that do not interfere with the existence of a value system that is applied to the community (Deegan, 2002) so that

government becomes legitimate. The presence of this legitimacy is the harmony between the relationship between the government as an agent and the people as the principal who together creates a prosperous country (Jensen & Meckling, 1976a) which is what is aspired without any conflict between the two. Government behaviour due to a conflict of interest occurs due to personal factors and situations (Heider, 1958) at that time. The rows of interest that occur can be minimized with a monitoring mechanism that can align these interests (Jensen & Meckling, 1976b; Murwaningsari & Rachmawati, 2017).

2. Prevention of Corruption

There are so many factors that motivate people to commit corruption, until now it is not certain the background that causes this unethical behaviour to occur, for that an indicator that corruption as a social problem cannot be predicted by only one limiting factor. Some of the motives for the majority of people to do corruption are due to position, family, friends, parties, extortion which is said to have a conflict of interest that exists within the perpetrator. For this reason, corruption can be prevented and anticipated based on the origin of the factors that occur (Prabowo, 2014). For this reason, in the opinion of Umar (2016), states that the factors that cause corruption and are then used to prevent corruption can be done through prevention of five aspects (fraud star), namely: 1) pressure; 2) opportunity; 3) justification; 4) ability; and 5) integrity.

3. Hypothesis Development

Organizational Culture and Corruption Prevention

Organizational culture is a set of systems that are believed to have values and are developed by the inhabitants of the organization which are used to guide the actions and behaviour of all members in the organization. Culture plays an essential role in an organization that keeps the organization healthy and cultural values have a significant influence on the level of corruption and the ability to prevent it (Yeganeh, 2014). Organizational culture can affect security in information which has a positive or negative impact on the organization (Shaaban & Conrad, 2013). An organizational culture that is oriented towards honesty, high integrity, anti-cheating attitude, right work processes, exercising control and supervisory functions have a significant impact on the effectiveness of corruption prevention mechanisms (Flamholtz, 2001; Morgan, 1993; Sow, Basiruddin, Rasid, & Husin, 2018) and added with a culture of shame when cheating (Prabowo & Suhernita, 2017). Organizations must also avoid forming a culture that is informal because of the potential for corruption, cultural reform plays a role in preventing corruption (Loosemore & Lim, 2015), for this reason, research hypothesis one (H₁) can be put forward as follows: *H₁: organizational culture has a positive effect on corruption prevention*

Ethical Leadership and Corruption Prevention

Ethical leadership is the principles or beliefs of values that are considered right and wrong because it describes the behaviour of the leader which is used as a basis for leaders to influence subordinates to achieve the vision, mission, and goals (Al-sharafi & Rajiani, 2013). Ethical leadership affects ethical behaviour of leaders and subordinates (Yuan, Zhang, & Tu, 2018), there is a relationship between ethical leadership and the actions of employees who do not deviate (Lee, 2017). Bad ethics by leaders contribute to organizational failure and result in poor performance in the organization (Asmuni, Nawawi, & Salin, 2015; Hamid et al., 2011; Omar, Nawaw, & Salin, 2016; Rahim, Nawawi, & Salin, 2017; Zakaria, Anuar, & Salin, 2016); therefore the behaviour of transparency, being responsible for a leader is essential and

influences organizational performance to become better and able to avoid fraud (Ferry & Ahrens, 2016). Leadership contributes to neutralizing the influence of corruption (Prihanto & Gunawan, 2020) and causes the organization to become better or worse (Prabowo et al., 2017) because the good experiences of leaders can have a positive impact on employee ethical behaviour not to commit violations and deviations which are efforts to prevent corruption (Steinbauer, Renn, Taylor, & Njoroge, 2013). For this reason, the two research hypotheses (H2) can be stated as follows: *H2: ethical leadership has a positive effect on corruption prevention*

Code of Conduct and Prevention of Corruption

The code of ethics is a fundamental rule in regulating what can and should not be done by a profession (Kaptein & Schwartz, 2008), the implementation of the code of ethics is positively related to the occurrence of fraud or corruption in organizations, and the correct code of ethics can prevent corruption (Ang, 2013). Good ethical values are negatively related to fraudulent acts committed by leaders and employees (Said, Alam, Ramli, & Rafidi, 2017). Employees who lack ethical values will tend to have the potential to commit bribery and corruption, so preventing this is necessary to provide socialization and knowledge regarding the code of ethics (Chen, Cumming, Hou, & Lee, 2013). Siregar & Tenoyo (2015), state that with a lack of ethical values, it is the cause of the organization to be identified as fraud, for that an acceptable ethical policy and the application of a right code of conduct will prevent fraud (Nawawi & Salin, 2017). Bad ethics of deviant work contributes to the failure of the organization and its performance (Asmuni et al., 2015; Nor, Nawawi, & Salin, 2018; Omar et al., 2016; Rahim et al., 2017; Zakaria et al., 2016) so that the third research hypothesis (H3) is stated as follows: *H3: code of ethics has a positive effect on corruption prevention*

Government Internal Control System and Corruption Prevention

Internal control is essential to apply to organizations because it can protect the organization from political problems that deviate due to conflicts of interest and have an impact on organizational wealth (Kuris, 2015). Organizations that have adequate standard operating policies and procedures can prevent fraud committed by residents of the organization (Nawawi & Salin, 2018). Effective audits or examinations can prevent fraudulent behaviour, fraud in financial reports as well as information asymmetry that endangers strategic decision making (Asmuni et al., 2015; Husnin, Nawawi, & Salin, 2016; Lisic, Sabatino, Song, & Wang, 2014). For this reason, the implementation of strong internal control through the system can be ensured to be able to prevent deviant behaviour (Baldock, 2016a; Oh, Choi, Jeong, & Pae, 2014; Rahim et al., 2017; Tong, Wang, & Xu, 2014). Furthermore, strong internal control will result in higher operating efficiency (Feng, Mcvay, & Skaife, 2015) because it can minimize the impact of shocks or events that are not profitable for the company and save from losses (Hajiha & Bazaz, 2016a). Thus the four research hypothesis (H4) can be stated as follows: *H4: The internal control system has a positive effect on corruption prevention*

III. METHOD

This study uses a quantitative approach that explains the cause and effect of preventing corruption by using a questionnaire as data collection. Data analysis using primary data regression using SPSS tools to test the validity and reliability of the data, and Lisrel as modelling analysis with SEM (Structural Equation Modeling) which produces confirmatory factor analysis and hypothesis testing. The unit of analysis in this research is the state civil apparatus of all ministries of the Republic of Indonesia with the criteria of the research

respondents, namely having a structural position as echelon 3 & 4, and an auditor, with a minimum degree of education, working experience of more than 3 years and never being involved in corruption. The study used paper-based questionnaires and virtual questionnaires distributed via a google form, which were distributed between September 2019 - May 2020.

The study population was the total number of ministries in Indonesia with a total of 34 ministries, with a sample of 952. The determination of the number of research samples was taken based on table assumptions put forward by Isac and Michael (1981) which stated that the number of samples determined with an error rate of 0.05 was the population. A total of 34 is 28 samples, so it can be concluded that the total sample plan to be obtained in this study is several 952 (28 x 34) samples.

Corruption prevention is measured using ratings 1 (strongly disagree) - 6 (strongly agree) as follows: 1) Causes of corruption from pressure (internal and external); 2) The cause of corruption is an opportunity; 3) The reason of corruption is justification; 4) The causes of corruption are ability and 5) The causes of corruption are integrity (Umar, 2016) and modification of measurement indicators is carried out.

Organizational culture is measured using ratings 1 (strongly disagree) - 6 (strongly agree) as follows: 1) Innovation and risk; 2) Attention to detail; 3) result-oriented; 4) Human-oriented; 5) Team orientation; 6) Aggressive attitude; and 7) Stability (Robbins & Coulter, 2012). Ethical leadership is measured by using rank 1 (strongly disagree) - 6 (strongly agree) as follows: 1) A leader is a moral person; and 2) the leader as a moral manager (Brown, Treviño, & Harrison, 2005) and the measurement indicators are modified. NCode of ethics is measured by using ratings 1 (strongly disagree) - 6 (strongly agree) as follows: 1) State ethics; 2) Ethics in society 3) Ethics in organization; 4) Ethics towards fellow state civil servants, and 5) Ethics towards oneself (Government Regulation No 42. 2004). The internal control system is measured using ratings 1 (strongly disagree) - 6 (strongly agree) as follows: 1) Control environment; 2) Risk assessment; 3) Control activities; 4) Information and communication; and 5) Internal control monitoring (COSO, 2013).

IV. RESULT AND DISCUSSION.

1. Demographics of variables

Researchers gave respondents categories based on their gender, age and education. Male respondents = 63.66%, women = 35.2% and 1.14% = do not fill in gender. Age category <25 years = 2%, 26 - 35 years = 24.6%, 36 - 50 years = 47.3%, over 50 years = 24.9% and 1.14% did not fill in the age category. Respondents based on undergraduate education level = 32.24%, master = 60% and Doctorate 6.28% and 1.14% did not fill the education level.

2. The validity and reliability of the instrument

The results of the validity test show that all research variables meet the validity assumption with the calculated r-value greater than r table (0.070) with a sample size of 875, the reliability value shows that the Cronbach Alpha value is greater than the assumed value of 0.70 (table 1). The standard deviation value is smaller than the mean value, which indicates normal research data and can be continued at a later stage.

Table 1 Dsc Val, Reliability & CFA

Variable	Mean	SD	Validity	Reliability	Noted
Prev.Cor	92.84	15.09	0.392 – 0.796	0.945	valid/reliable
Org. Cult.	68.15	11.78	0.691 – 0.846	0.967	valid/reliable
Ethic Lead	75.75	14.61	0.749 – 0.864	0.976	valid/reliable
Ethic Code	68.82	11.60	0.767 – 0.855	0.972	valid/reliable
Int.Ctrl	97.58	17.12	0.757 – 0.867	0.979	valid/reliable
KM	42.38	7.67	0.401 – 0.809	0.919	valid/reliable

n = 875

CFA test

P Val = 0.0000

RMSEA = 0.062

Chi-Sq/df = 2.047

NFI = 0.99

NNFI = 0.99

CFI = 0.99

IFI = 0.99

RFI = 0.98

,n = 275

Output SPSS & Lisrel

The researcher also conducted the CFA test to obtain information on the construct form of the factors using 875 data but did not fulfil the role of thumb assumption set out in the CFA test, so the researcher retested the data to meet the feasibility of up to 320 data to 275 data deemed suitable for use and further data processing (goodness).

The results of the structural equal modelling hypothesis test using Lisrel are shown in table 2. The hypothesis test is presented in three data models with different quantities, in model 1 using data 875, model 2 = 320 and model 3 = 275 by comparing t table and t count obtained. The test results state that the research hypotheses 1, 3, and 4 can be accepted with a positive and significant effect. Meanwhile, the research hypothesis in all models 2 is rejected because it has the opposite effect on the research hypothesis. After all, it has a negative impact. All data models have the same effect.

Table 2 hypothesis testing

Variable	Data 875 (1) ($\beta - t$)	Data 320 (2) ($\beta - t$)	Data 275 (3) ($\beta - t$)	Noted
BO → KOR	0.39 – 7.77	-	-	H1 received ****
KE → KOR	-0.11 – (-2.74)	-	-	H2 rejected ****
COD → KOR	0.19 – 4.10	-	-	H3 received ****
SPI → KOR	0.42 – 8.00	-	-	H4 received ****
BO → KOR	-	0.39 – 4.69	-	H1 received ****
KE → KOR	-	-0.11 – (-1.65)	-	H2 rejected*
COD → KOR	-	0.19 – 2.47	-	H3 received ***
SPI → KOR	-	0.42 – 4.84	-	H4 received ****
BO → KOR	-	-	0.39 – 4.35	H1 received ****
KE → KOR	-	-	-0.11 – (-1.53)	H2 rejected
COD → KOR	-	-	0.19 – 2.29	H3 received **
SPI → KOR	-	-	0.42 – 4.48	H4 rejected ****
R ²	0.74 – 0.74	0.74 – 0.74	0.74 – 0.74	Good fit
Error	0.26	0.26	0.26	
P value	0.0000	0.0000	0.0000	
Chi-Square	1580.79	576.97	495.58	
RMSEA	0.080	0.066	0.062	
Table t	*0.05 = 1.647 **0.025 = 1.963 ***0.01 = 2.323 ****0.001 = 2.584	*0.05 = 1.649 **0.025 = 1.967 ***0.01 = 2.330 ****0.001 = 2.592	*0.05 = 1.652 **0.025 = 1.971 ***0.01 = 2.345 ****0.001 = 2.600	

Output Lisrel 8.70 processed

The results of data processing show that model 1 has a higher prediction by using the full data, namely, 875, although it does not fulfil the assumptions set out in the role of thumb, however, overall it can be said that all models can predict exogenous to endogenous variables with coefficient values—the same one. The difference is only shown in hypothesis 2 (in all models) which rejects and does not accept the hypothesis proposed in the study. The difference from the results of model testing can be analyzed that each ministry has different organizational culture conditions, code of ethics implementation and internal control systems, however, leadership shows the same results with each other.

The regression equation in structural form from the results of hypothesis testing with model 3 which meets the eligibility following the assumptions of testing using SEM Lisrel can be presented in the equation that shows changes in coefficients that increase and decrease in each factor which is also described in the following diagram:

$$PK_o = \beta_o + 0.39BO - 0.11KE + 0.19COD + 0.42SPI + 0.26e$$

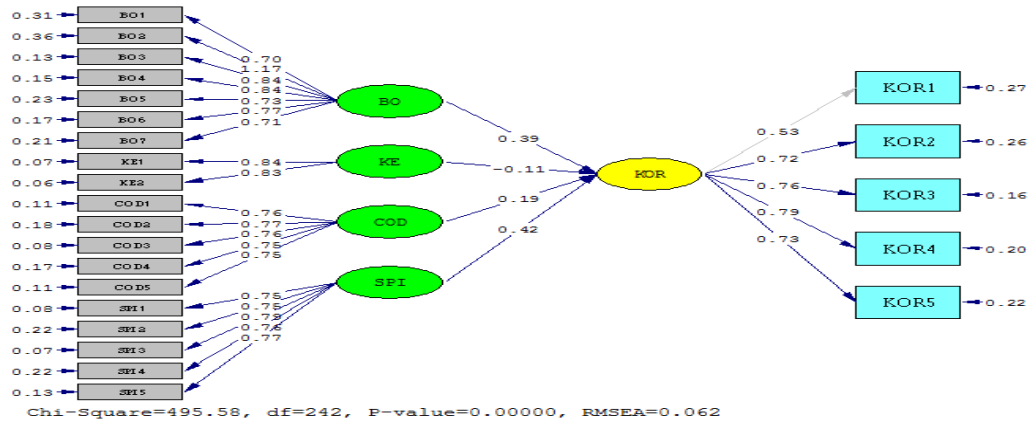


Figure 1 Diagram Estimated

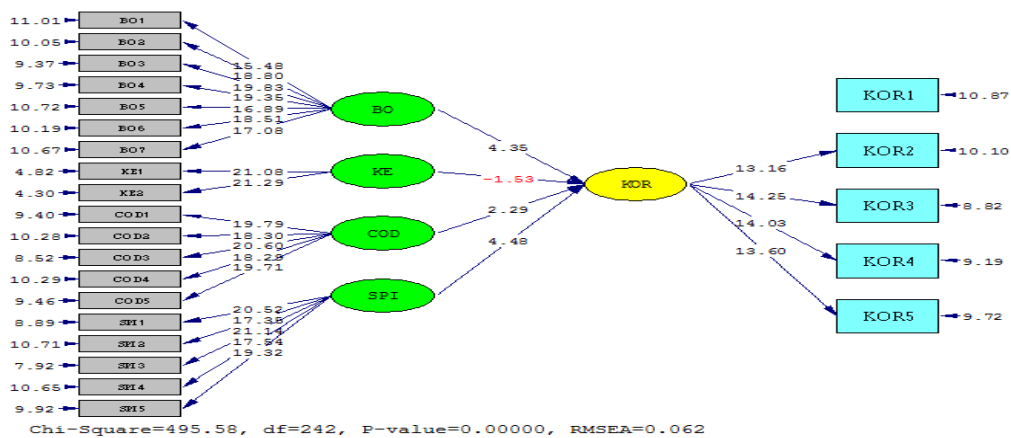


Figure 2 Diagram t Value

The test results in model 3 show that the model can reduce the negative effect of corruption to be insignificant. This may imply that the negative influence of leadership in preventing corruption can be increased, or reduce the bad influence of leadership compared to the two previous models.

This research is an empirical study that examines the influence of several factors that are predicted to prevent corruption, such as organizational culture, ethical leadership, code of ethics and internal control systems that are well implemented and of high quality in high ministerial government agencies in the Republic of Indonesia.

The results of statistical testing prove that organizational culture has a positive and significant effect on corruption prevention efforts, so that H₁ can be accepted and is in line with research conducted by (Bierstaker, 2009; Mihret, 2015; Quah, 2015; Umar, 2016; Yeganeh, 2014). For this reason, by implementing a positive culture and carrying out ethical, cultural reforms in preventing corruption (Loosemore & Lim, 2015; Shaaban & Conrad, 2013), and implementing a culture of effective surveillance (Flamholtz, 2001; Morgan, 1993; Sow, Basiruddin, Mohammad, & Rasid, 2018), so that it will prevent the country from barriers to insufficient economic growth (Adebisi & Gbegi, 2015). One of the ways that organizations can do to empower employees in preventing corruption is to cultivate shame and how they can manage it well (Prabowo & Suhernita, 2017), and it is more important to avoid the formation of an informal culture because it has the potential to occur. Corruption in government

institutions (Loosemore & Lim, 2015). Organizational culture contributes to shaping the daily behaviour of the residents of the organization always to be ethical and positive so that the potential for fraud can be prevented (Umar, 2016) with positive values embedded in the organization.

Several things can be implemented in organizational culture to prevent corruption. The culture respects honesty by not tolerating employees who cheat in their work by giving severe penalties according to their mistakes. Besides, employees who excel and contribute to the organization in legal and honest ways are given high prizes and awards (Pattipawae, 2011).

Besides that, it revives local wisdom, such as absorbing classic proverbs and slogans in regional cultures, such as the Javanese proverb of "*alon-alon waton kelakon*" or the proverb from Malay "*berakit-rakit ke hulu berenang-renang ketepian*", which means having pain before having fun than to wake someone up. Who does not want to work hard and tend to play shortcuts to get what they want? Building a correct organizational culture can also be applied because organizational culture usually has a strong influence on its members. For example, in terms of promotion, it must be based on capability and professionalism, not because of kinship, subjective and not transparent or the application of a weak accountability system, this can minimize corrupt behaviour among employees (Hadian, 2015).

Ethical leadership as a role model and the essential element that leads the organization to better development and progress but harms the prevention of corruption, which means that the second research hypothesis (H₂) is rejected. The failure of research hypothesis 2 in this study is because leadership in Indonesia does not reflect ethical leadership. After all, there are many corruption actors and the majority are carried out by the leadership (Source: KPK annual report (<https://www.kpk.go.id/id/regulasi-tipikor/808-attachments-annual-report-kpk-2018>)), for that if the leadership is wrong it will have a destructive impact on the organization too (Prabowo et al., 2017). According to the results of the current leadership survey it is not in line with the results of previous research which states that ethical leadership can change an organization into ethical behaviour (Ferry & Ahrens, 2016; Lee, 2017; Steinbauer et al., 2013; Yuan et al., 2018) means that leaders tend to corrupt (Prihanto & Gunawan, 2020). However, this phenomenon is in line with the results of several studies conducted by several previous researchers, that bad ethics in organization is carried out by leaders and contribute organizational failure and resulting in poor performance in the organization (Asmuni et al., 2015; Hamid et al., 2011; Omar et al., 2016; Rahim et al., 2017; Zakaria et al., 2016) and do not provide role models for their subordinates (Brown et al., 2005). In essence, corruption in Indonesian government institutions is carried out by leaders who have power, are well-off in the economy and are highly educated (Tuanakotta, 2007), for this reason, corruption is still difficult to prevent because the leader is the person who should bring the organization and the people to prosperity (Ndraha, 2007) instead, he commits corruption by having many opportunities and abilities on him (Cressey, 1965; Crowe, 2011; Umar, 2016; Vousinas, 2019; Wolfe & Hermanson, 2004; Yusof, 2016) therefore a code of ethics is needed at work.

Discussions of ethical leadership always involve the concept of personal integrity. Personal integrity is an attribute that helps explain leadership effectiveness. In cross-cultural research on traits essential to leadership effectiveness, integrity is near the top of the list in all cultures studied. Most scholars consider integrity as a primary requirement for ethical leadership (Bakker & Schaufeli, 2008). Much integrity is associated with being honest, trustworthy, responsible, loyal, and self-restrained. These are all excellent qualities that one

can even have. Such qualities become increasingly urgent in a leader. This happens because the position of a leader is very strategic in the course of an organization, including business organizations. Leaders who do not have integrity will ruin the course of the organization they lead, and that means enormous losses for the company and for those who are involved in it. Integrity is a vital asset in the realization of ethical leadership, a leadership that always uses ethical considerations in every policy, decision or action it takes (Gea, 2014).

The code of ethics as an organizational rule against the profession that limits actors in the organization to act positively and significantly on the prevention of corruption, thus research hypothesis 3 (H₃) can be accepted and is in line with the results of previous researchers' statements stating that code of ethics is positively related and capable. Prevent corruption (Low & Ang, 2013), committed by residents of the organization. For this reason, the implementation of positive ethical values causes corruption to become negative (Said et al., 2017; Siregar & Tenoyo, 2015). This is proven because employees who lack ethical values tend to deviate, so socialization and increasing knowledge of the code of ethics is needed to avoid deviations (Chen et al., 2013) because through the application of a good code of conduct will minimize and prevent fraud (Nawawi & Copy, 2017). Furthermore, bad ethics will cause company failure in operations and poor performance in the organization (Asmuni et al., 2015; Nor et al., 2018; Omar et al., 2016; Rahim et al., 2017; Zakaria et al., 2016). With the government emphasizing compliance with the implementation of the code of ethics on civil servants, the number of violations that have occurred so far has gradually begun to decrease, such as employees who arrive late, work not on time, gossip and are often in shops during working hours (Gold, Gronewold, & Salterio, 2014) which leads to corruption, and accompanied by strict sanctions by the institution in the form of being given stern warnings, reduced allowances, demotion and so on can reduce unethical behaviour of officials.

Moral code of ethics in addition to being the basis of principles and rules that can determine whether the action is taken is right or wrong but also indicates whether the consequences of the action taken are beneficial to society in general or are it harmful, whether the action taken is useful for organizations and companies or endanger organizations and companies. In connection with corruption, a code of ethics was then born as a means of control in running an organization. This is because there is a set of values which are then believed to be held firmly in the behaviour of employees and organizational management (Wahyudin, 2017).

In instilling business ethics to employees must go through regulations that do not see from a single perspective or only offer one solution to each problem regarding the code of ethics. Decision making must be based on facts, conjectures and thoughtful, ethical considerations. This can be achieved through training in superior ways of thinking in dealing with various situations. Training on responsible decision making needs to refer to the approach established by the company, whether using the compliance or integrity approach (Weiss, 2009).

The results of testing the fourth research hypothesis (H₄) state that the government's internal control system has a positive effect on corruption prevention so that research hypothesis 4 can be accepted. The results are also in line with previous research which states that the internal control system has an effect on preventing corruption (Baldock, 2016b; Nawawi & Salin, 2018; Oh et al., 2014; Rahim et al., 2017; Tong et al., 2014) and minimizes the consequences that happen to the organization for unfavourable events to the organization

(Feng et al., 2015). A control system can save an organization from various potential losses (Hajiha & Bazaz, 2016b) such as theft of assets (Kuris, 2015) and more importantly prevent asymmetry of misleading information (Murwaningsari & Rachmawati, 2017) (Asmuni et al., 2015; Husnin et al., 2016; Lisic et al., 2014) in making decisions so that they are more actual and precise. Since the government has carried out internal control through applications such as Gratification Control Unit, whistleblowing, State Civil Apparatus Assets Report (LHKASN), People's Online Aspiration and Complaints Service (LAPOR), various audits and other checks so that government officials are more careful in acting, although the control system has a positive effect in preventing corruption, the supervision carried out is not necessarily useful in preventing corruption (Siahaan, Umar, & Br, 2019).

However, internal control does not always have a positive effect on preventing corruption. In fact, in the field of corruption in government agencies, it is still ongoing, even the tendency is to increase, along with the additional state budget managed by each government agency. Why could that thing happen? Among other things, of the many causes, because the internal control unit has abused its duties and functions, no longer as a supervisor, but has made an evil conspiracy with the work unit that committed the violation, so that violations (corruption, collusion and nepotism) do not require surface (Rustendi, 2017).

As long as there are no firm, fundamental, and prompt steps to overcome the matters above, the eradication of corruption in government agencies is only a slogan and rhetoric. It even adds to the waste and losses of the state budget/finances. The solution to overcome this is by restructuring the internal control unit of government agencies to make it more independent so that it cannot be controlled and intervened by the head of the agency, which is structurally higher than the head of the internal control unit. It is also necessary to change the mechanism for the appointment and placement of officials for the head of the internal control unit, independent of the interference of the leaders of the relevant government agencies. For example, the appointment of a supervisory unit leader, based on a decision letter from an external party. Another thing that is no less important is the fit and proper test in terms of morale, integrity, competence and credibility of the candidate for leadership of the internal control unit because the leadership plays an essential role in assuring whether the functions and duties of internal control can run properly. The due diligence process must be carried out by an external party, not from the government agency concerned (Sina, 2008).

V. CONCLUSION

The results of research conducted empirically prove that organizational culture factors, code of ethics and internal control systems implemented by the government have a positive effect on efforts to prevent corruption in ministerial institutions in Indonesia. However, leadership does not have a positive effect on corruption prevention. This is because leaders as role models for subordinates have not been able to provide good examples to associates both as individuals and as professional leaders (Brown et al., 2005) such as the many corrupt behaviours carried out by high officials, which should be anti-corruption government (Ndraha, 2007). The success of the government in reducing and preventing corruption through organizational culture, code of ethics and internal control systems emphasizes

positive behavioural actions by officials to reduce conflicts of interest and causes of information asymmetry (Jensen & Meckling, 1976a).

This research contributes to the prevention of forms of corruption caused by conflicts of interest originating from state administrators (state civil servants), by avoiding various opportunities that can lead to corruption through the perspectives: pressure, chance, justification, ability and integrity through prevention. Effectively by empowering organizational culture in a positive and quality direction, selecting leaders who can carry out the best possible mandate in their duties, socializing the code of ethics so that it is better understood and used as a guide in carrying out duties and functions, as well as an internal control in each work unit by utilizing resources human owned. Prevention of corruption, which has not achieved maximum results, is possible because of the lack of attention and understanding of the causes of this behaviour. For this reason, the effectiveness of prevention will be obtained if the prevention strategy is carried out appropriately in the prevention.

This research was conducted in the early days of the Covid 19 pandemic, so it was constrained in obtaining the expected number of research samples according to the research assumptions. Besides, the results of research data processing show that the data obtained cannot be used optimally, because it is not following the assumption of the feasibility of the data in SEM Lisrel processing because the character of the data tends to be heterogeneous. For this reason, the results are less able to conclude the overall object of this study.

Based on the findings in leadership research, which still needs to be further studied, it is necessary to conduct future research on the exploration of leadership topics in organizations, especially accounting leadership, which has not been done much (Copeland, 2015) in accounting research and has not been maximally carried out. Further researchers can also use other variables that are closely related to efforts to prevent acts of corruption that occur in organizations such as factors: governance, risk management and ongoing audits of institutions.

REFERENCES

1. Adebisi, J. F., & Gbegi, D. (2015). Fraud and the Nigerian Public Sector Performance : The Need for Forensic Accounting. *International Journal of Business, Humanities and Technology*, 5(5), 67–78.
2. Al-sharafi, H., & Rajiani, I. (2013). Promoting Organizational Citizenship Behavior among Employees - The Role of Leadership Practices. *International Journal of Business and Management*, 8(6). <https://doi.org/10.5539/ijbm.v8n6p47>
3. Asmuni, A. I. ., Nawawi, A., & Salin, A. S. A. P. (2015). Ownership Structure and Auditor's Ethnicity of Malaysian Public Listed Companies. *Social Sciences & Humanities*, 23(3), 603–622.
4. Baldock, G. (2016a). The perception of corruption across Europe, Middle East and Africa. *Journal of Financial Crime*, 23(1), 119–131. <https://doi.org/10.1108/JFC-02-2015-0004>
5. Baldock, G. (2016b). The perception of corruption across Europe, Middle East and Africa. *Journal of Financial Crime*, 23(1), 119–131. <https://doi.org/10.1108/JFC-02-2015-0004>
6. Becker, T (1998). Integrity in organization: beyond honesty and conscientiousness. *Academic of Management Review*, 23(1), 154–161.

7. Bierstaker, J. L. (2009). Differences in attitudes about fraud and corruption across cultures Theory, examples and recommendations. *Cross-Cultural Management: An International Journal*, 16(3), 241–250. <https://doi.org/10.1108/13527600910977337>
8. Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership : A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97, 117–134. <https://doi.org/10.1016/j.obhdp.2005.03.002>
9. Chen, J., Cumming, D., Hou, W., & Lee, E. (2013). Executive integrity, audit opinion, and fraud in Chinese listed firms. *Emerging Markets Review*, 15, 72–91. <https://doi.org/10.1016/j.ememar.2012.12.003>
10. Copeland, M. K. (2015). The Importance of Ethics and Ethical Leadership in the Accounting Profession. *Research on Professional Responsibility and Ethics in Accounting*.
11. Cressey, D. R. (1965). The Respectable Criminal. *Criminological*, 13–16.
12. Crowe, H. (2011). *Putting the Freud in Fraud: Why the Fraud Triangle Is No Longer Enough*. In Howart, Crowe.
13. Deegan, C. (2002). The Legitimizing Effect of Social And Environmental Disclosure : a Theoretical Foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282–311. <https://doi.org/10.1108/09513570210435852>
14. Feng, M., Mcvay, S. E., & Skaife, H. (2015). Does Ineffective Internal Control over Financial Reporting affect a Firm's Operations? Evidence from Firms' Inventory Management. *The Accounting Review*, 90(2), 529–557. <https://doi.org/10.2308/acccr-50909>
15. Ferry, L., & Ahrens, T. (2016). Using management control to understand public sector corporate governance changes: localism, public interest, and enabling control in an English local authority. *Journal of Accounting & Organizational Change*, 13(4), 548–567.
16. Flamholtz, E. (2001). Corporate Culture and the Bottom Line. *European Management Journal*, 19(3), 268–275.
17. Gea, A. A. (2014). Integritas Personal dan Kepemimpinan Etis. *Humaniora*, 5(2), 950–959.
18. Gold, A., Gronewold, U., & Salterio, S. E. (2014). *The Accounting Review (January 2014)*. Retrieved from <https://ssrn.com/abstract=1657117> or <http://dx.doi.org/10.2139/ssrn.1657117>
19. Government Regulation Number 42 of 2004 concerning Corps Soul Development and Code of Ethics.
20. Hadian, D. (2015). Pengaruh Kepemimpinan, Struktur Organisasi dan Budaya Organisasi terhadap Kinerja Dinas serta Implikasinya pada Pelayanan Publik. *Kontigensi: Scientific Journal of Management*, 3(1), 26–43.
21. Hajiha, Z., & Bazaz, M. S. (2016a). Impact of internal control material weaknesses on executive compensation: evidence from Iran. *Int. J. Accounting, Auditing and Performance Evaluation*, 12(1), 70–84.
22. Hajiha, Z., & Bazaz, M. S. (2016b). Impact of internal control material weaknesses on executive compensation: evidence from Iran. *Int. J. Accounting, Auditing and Performance Evaluation*, 12(1), 70–84.
23. Halbouni, S. S., Obeid, N., & Garbou, A. (2016). Corporate governance and information technology in fraud prevention and detection. *Managerial Auditing Journal*, 31(6/7), 589–628. <https://doi.org/10.1108/MAJ-02-2015-1163>
24. Hamid, A. A., Haniff, M. N., Othman, M. R., & Salin, A. S. A. P. (2011). The Comparison of The Characteristics of The anglo- Saxon governanCe model and The Islamic governance of ifis. *Malaysian Accounting Review*, 10(2), 1–12.
25. Heider, F. (1958). *The Psychology of Interpersonal Relations*. New York: Wiley.
26. Husnin, A. I., Nawawi, A., & Salin, A. S. A. P. (2016). Corporate governance and auditor quality – Malaysian evidence Corporate governance and auditor quality – Malaysian

- evidence. *Asian Review of Accounting*, 24(2), 202–230. <https://doi.org/10.1108/ARA-11-2013-0072>
27. Jensen, M. C., & Meckling, W. H. (1976a). Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Journal of Financial Economics* 3, 3, 305–360.
28. Jensen, M. C., & Meckling, W. H. (1976b). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.
29. Kaptein, M., & Schwartz, M. S. (2008). The Effectiveness of Business Codes : A Critical Examination of Existing Studies and the Development of an Integrated Research Model. *Journal of Business Ethics*, 77, 111–127. <https://doi.org/10.1007/s10551-006-9305-0>
30. Kuris, G. (2015). *ScienceDirect Watchdogs or guard dogs : Do anti-corruption agencies need strong teeth ? Policy and Society*. <https://doi.org/10.1016/j.polsoc.2015.04.003>
31. Lee, G. C. M. (2017). Police corruption: a comparison between China and India. *Journal of Financial Crime*.
32. Lisic, L. L., Sabatino, S. D., Song, Y., & Wang, K. (2014). Accounting fraud, auditing, and the role of government sanctions in China. *Journal of Business Research*. <https://doi.org/10.1016/j.jbusres.2014.11.013>
33. Loosemore, M., & Lim, B. (2015). Inter-organizational unfairness in the construction industry Inter-organizational unfairness in the construction industry. *Construction Management and Economics*, 33(4), 310–326. <https://doi.org/10.1080/01446193.2015.1057193>
34. Low, K. P. C., & Ang, S. L. (2013). Confucian Ethics, Governance and Corporate Social Responsibility. *International Journal of Business and Management*; 8(4), 30–43. <https://doi.org/10.5539/ijbm.v8n4p30>
35. Mihret, D. G. (2015). National culture and fraud risk : exploratory evidence. *Journal of Financial Reporting and Accounting*, 12(2), 161–176. <https://doi.org/10.1108/JFRA-10-2012-0049>
36. Morgan, M. J. (1993). How Corporate Strategy. *Long Range Planning*, 26(2), 110–118.
37. Murwaningsari, E. (2008). The role of organizational commitment and procedural justice in moderating the relationship between budgetary participation and managerial performance. *Gadjah Mada International Journal of Business*, 10(2), 185–210.
38. Murwaningsari, E., & Rachmawati, S. (2017). The influence of capital intensity and investment opportunity set toward conservatism with managerial ownership as moderating variable. *Journal of Advanced Management Science*, 5(6), 445–451. <https://doi.org/10.18178/joams.5.6.445-451>
39. Nawawi, A., & Salin, A. S. A. P. (2017). The influence of a third party to the effectiveness of commercial crime investigation. *Journal of Money Laundering Control*, 21(3), 414–425.
40. Nawawi, A., & Salin, A. S. A. P. (2018). Employee fraud and misconduct : empirical evidence from a telecommunication company. *Information & Computer Security*, 26(1), 129–144. <https://doi.org/10.1108/ICS-07-2017-0046>
41. Ndraha, T. (2007). *Kybernologi Sebuah Scientific Movement*. Tangerang: Sirao Credential.
42. Nor, N. H. M., Nawawi, A., & Salin, A. S. A. P. (2018). The Impact of Audit Committee Independence and Auditor Choice on Firms ' SOCIAL SCIENCES & HUMANITIES The Impact of Audit Committee Independence and Auditor Choice on Firms ' Investment Level. *Social Sciences & Humanities*, 26(3), 1433–1454.
43. Oh, K., Choi, W., Jeong, S. W., & Pae, J. (2014). Asia-Pacific Journal of Accounting & The effect of different levels of internal control over financial reporting regulation on the quality of accounting information: evidence from Korea. *Asia-Pacific Journal of Accounting & Economics*, (August), 37–41. <https://doi.org/10.1080/16081625.2014.880203>
44. Omar, M., Nawaw, A., & Salin, A. S. A. P. (2016). The causes, impact and prevention of employee fraud - a case study of an automotive company. *Journal of Financial Crime*, 23(4).

45. Pattipawae, D. R. (2011). Penerapan nilai-nilai dasar budaya kerja dan prinsip-prinsip organisasi budaya kerja pemerintah dengan baik dan benar. *Jurnal Sasi*, 17(3).
46. Prabowo, H. Y. (2014). To be corrupt or not to be corrupt: Understanding the behavioural side of corruption in Indonesia. *Journal of Money Laundering Control*, 17(3), 306–326. <https://doi.org/10.1108/JMLC-11-2013-0045>
47. Prabowo, H. Y., & Suhernita. (2017). Be Like Water : Developing a Fluid Corruption Prevention Strategy. *Journal of Financial Crime*.
48. Prabowo, H. Y., Cooper, K., Sriyana, J., & Syamsudin, M. (2017). De-normalizing corruption in the Indonesian public sector through behavioural re-engineering. *Journal of Financial Crime*, 24(4), 552–573.
49. Prihanto, H., & Gunawan, I. D. (2020). Corruption in Indonesia (Is It Right to Governance, Leadership and It to Be Caused ?). *Journal of Economics and Sustainable Development*, 11(2), 56–65.
50. Quah, J. S. T. (2015). Singapore's Corrupt Practices Investigation Bureau: Four suggestions for enhancing its effectiveness. *Asian Education and Development Studies*, 4(1), 76–100.
51. Rahim, S. A. A., Nawawi, A., & Salin, A. S. A. P. (2017). Internal control weaknesses in a cooperative body : Malaysian experience. *Int. J. Management Practice*, 10(2), 131–151.
52. Rahmawati, S., & Susilawati, D. (2018). Pengaruh Dimensi Fraud Diamond dan Religiusitas Terhadap Perilaku Kecurangan Akademik Mahasiswa, 0832(September), 269–290.
53. Robbins, S. P., & Coulter, M. (2012). *Management, Eleventh Edition*. United States of America: Pearson Education Limited.
54. Rustendi, T. (2017). Peran Audit Internal Dalam Memerangi Korupsi (Upaya Meningkatkan Efektivitas Fungsi APIP). *Jurnal Akuntansi*, 12(2), 111–126.
55. Said, J., Alam, M. M., Ramli, M., & Rafidi, M. (2017). Integrating ethical values into fraud triangle theory in assessing employee fraud: Evidence from the Malaysian banking industry. *Journal of International Studies*, 10(2), 170–184. <https://doi.org/10.14254/2071-8330.2017/10-2/13>
56. Shaaban, H., & Conrad, M. (2013). Democracy, culture and information security : a case study in Zanzibar. *Information Management & Computer Security*, 21(3), 191–201. <https://doi.org/10.1108/IMCS-09-2012-0057>
57. Siahaan, M., Umar, H., & Br, R. (2019). Fraud Star Drives to Asset Misappropriation Moderated by Internal Controls. *Journal of Southwest Jiaotong University*, 54(4), 1–10.
58. Sina, L. (2008). Dampak dan upaya pemberantasan serta pengawasan korupsi di Indonesia. *Jurnal Hukum Pro Justitia*, 26(1).
59. Singleton, T. W., Singleton, A. J., Bologna, G. J., & Lindquist, R. J. (2006). *Fraud auditing and forensic accounting*. John Wiley & Sons.
60. Siregar, S. V., & Tenoyo, B. (2015). Fraud awareness survey of the private sector in Indonesia. *Journal of Financial Crime*, 22(3), 329–346. <https://doi.org/10.1108/JFC-03-2014-0016>
61. Sow, A. N., Basiruddin, R., Mohammad, J., & Rasid, S. Z. A. (2018). Fraud prevention in Malaysian small and medium enterprises (SMEs). *Journal of Financial Crime*, 25(2), 499–517. <https://doi.org/10.1108/JFC-05-2017-0049>
62. Sow, A. N., Basiruddin, R., Rasid, S. Z. A., & Husin, M. M. (2018). Understanding fraud in Malaysian SMEs. *Journal of Financial Crime*, 25(3), 870–881. <https://doi.org/10.1108/JFC-08-2017-0077>
63. Steinbauer, R., Renn, R. W., Taylor, R. R., & Njoroge, P. K. (2014). Ethical leadership and followers' moral judgment: The role of followers' perceived accountability and self-leadership. *Journal of business ethics*, 120(3), 381–392. <https://doi.org/10.1007/s10551-013-1662-x>

64. Tong, Y., Wang, M., & Xu, F. (2014). Internal control, related party transactions and corporate value of enterprises directly controlled by the Chinese central government. *Journal of Chinese Management*, 1(1), 1–14.
65. Tuanakotta, T. M. (2007). *Akuntansi Forensik dan Audit Investigatif*. Jakarta: Fakultas Ekonomi Universitas Indonesia.
66. Umar, H. (2016). *Corruption the Devil*. Jakarta: Universitas Trisakti.
67. Umar, H., Indriani, A., & Purba, R. B. (2019). The Determinant Fraud Prevention Of Quality Local Government's Financial Report. *Jurnal Akuntansi Dan Bisnis: Jurnal Program Studi Akuntansi*, 5(1), 41–52. <https://doi.org/10.31289/jab.v5i1.2310>
68. Vousinas, G. L. (2019). Elaborating on the theory of fraud. New theoretical extensions. *Journal of Financial Crime*, 26(1), 1–17.
69. Wahyudin, U. (2017). Peran Penting Pedoman Etika Bisnis Perusahaan Dalam Upaya Pencegahan Korupsi. *Syntax Literate; Jurnal Ilmiah Indonesia*, 2(12), 147–161.
70. Weiss, J. W. (2014). *Business ethics: A stakeholder and issues management approach*. Berrett-Koehler Publishers.
71. Wolfe, D. T., & Hermanson, D. R. (2004). The Fraud Diamond : Considering the Four Elements of Fraud. *The CPA Journal*, 12, 38–42.
72. Yeganeh, H. (2014). Culture and corruption: A concurrent application of Hofstede's, Schwartz's and Inglehart's frameworks. *International Journal of Development Issues*, 13(1), 2–24. <https://doi.org/10.1108/IJDI-04-2013-0038>
73. Yuan, L., Zhang, L., & Tu, Y. (2018). When a leader is seen as too humble: A curvilinear mediation model linking leader humility to employee creative process engagement. *Leadership & Organization Development Journal*. <https://doi.org/10.1108/LODJ-03-2017-0056>
74. Yusof, K. M. (2016). *Fraudulent Financial Reporting : An Application of Fraud Models to Malaysian Public Listed Companies*. Being a Thesis submitted for the Degree of Doctor of Philosophy at the University of Hull by Khairusany Mohamed Yusof B. Acc (Honours), Universiti Sain.
75. Zakaria, K. M., Anuar, N., & Salin, A. S. A. P. (2016). Internal controls and fraud - empirical evidence from oil & gas company—*Journal of Financial Crime*, 23(4).