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INTERNATIONAL CONFERENCE ON ACCOUNTING
RESEARCH AND EDUCATION

e-Proceedings

**Accounting Research and Education:
The Challenges and Opportunities of The New Normal During and Post Covid-19**

7 & 8 September 2021

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Faculty of Accountancy, Universiti Teknologi MARA Perak Branch

**THE 4th INTERNATIONAL CONFERENCE ON
ACCOUNTING RESEARCH AND EDUCATION
(iCARE 2021)**

The Challenges and Opportunities During Covid-19 New Normal

eISBN : 978-967-25697-0-1

FACULTY OF ACCOUNTANCY UNIVERSITI TEKNOLOGI MARA PERAK 2021

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First Published 2021

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Perpustakaan Negara Malaysia

Proceedings of “The 4th International Conference on Accounting Research and Education (iCARE) 2021”

eISBN: : 978-967-25697-0-1

Published by:

Faculty of Accountancy
Universiti Teknologi MARA
Perak Branch, Tapah Campus
35400 Tapah Road
Perak Darul Ridzuan
Malaysia

Tel : 05-3737000

Fax : 05-3742635

Printed by:

UiTM Publisher

PREFACE

The 4th International Conference on Accounting Research and Education (iCARE 2021) is the continuation of iCARE 2014, iCARE 2016 and iCARE 2019. This conference is organized by the Faculty of Accountancy, UiTM Perak Branch, Tapah Campus in collaboration with the Accounting Research Institute (ARI), Universitas Indonesia (UI), Univesitas Paramadina and Univesitas Islam Indonesia. This event is held on 7-8 September 2021 via online platform with the theme of “Accounting Research and Education: The Challenges and Opportunities During Covid-19 New Normal”, aims to provide a platform for local and international academicians, professionals and researchers to have intellectual interactions with regard to the current situation relating to accounting education, challenges and advancements relating to the accounting field and other fields related to social sciences. This conference also offers numerous opportunities to gain knowledge, to share technical experiences, to build network with colleagues and to communicate with industry partners.

These proceedings contain 88 research papers in the field of accounting, finance, management, business, educational, sustainability and other which focusing to the theme of the challenges and opportunities during Covid-19 New Normal.

Editors

*Faculty of Accountancy, Universiti Teknologi MARA, Perak Branch, Tapah Campus,
Malaysia*

September 2021

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First Published 2021

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The 4th International Conference on Accounting Research and Education (iCARE2021)

7 - 8 September 2021

Motivation towards corruption in the time of COVID-19: A survey study of Indonesia

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ABSTRACT

This study presents the empirical results about the motivation for corruption or being involved in corruption in the public and private sectors. A total of 2,093 respondents was successfully gathered from two rounds of a nationwide survey, non-anonymous and anonymous, with 107 respondents admitted conduct or participate in the practice of corruption during the first year of the COVID-19 pandemic in Indonesia. The practice of corruption is predominantly in the public administration and finance sector amid the pandemic in Indonesia. Using ordinary least-square (OLS) regression, this study shows that corruption in the public administration, finance, and digital finance sector is most likely to be motivated to influence the decision making and receive access to the public services. In the finance sector, individuals are also motivated to receive the public fund and avoid legal consequences. The findings indicate that the practices may be related to structural and opportunistic behavior. By drawing on insights from behavioral economics, this study suggests that more robust public policy interventions, such as better institutional governance and accelerated digital innovations, are required to prevent and eradicate the practice of corruption. Finally, this study provides practical implications and new ideas for further studies with behavioral approach.

Keywords: corruption; motivation; behavioral economics; COVID-19; Indonesia

1. INTRODUCTION

The research of motivation for corruption lies in the cross-sections between social and natural science. It is not solely because of the science behind motivation but also the nature of corruption. The complexity of corruption is not always related to socio-economic consideration and other aspects such as cultures and individual perceptions. The abstract value of morality in a particular society, for example, is suggested to be a determinant of whether the practice of corruption can bring construction or destruction to the society (Torsello & Venard, 2015). Another case study from Indonesia shows that family domination in local politics drives the practice of corruption, benefiting from the unequal distribution of power (Hamid, 2014). Challenges to draw the underlying understanding behind the rationale of individual corruption or participating in corruption have attracted many scholars' interest.

Yet, there is a limited study about the motivation behind the practice of corruption in Indonesia. Prihanto and Gunawan (2020) observe that poor leadership plays an essential role in promoting corruption among public officials. They further suggest that improved governance, for example, setting the leaders with clear duties and obligations, can prevent and eradicate the practice of corruption. Corrupted leaders tend to abuse their power for their irresistible temptation for their wealth participation. Prabowo (2014) finds that the decision-making for corruption involves assessing benefits and costs from engaging the corruption. Even though so, the perspective of rational decision making in social science is not satisfactory to explain individual motivation in the light of growing discussion on behavioral economics. The decision making is not purely logical (Barberis, 2018).

This study aims to examine the motivation to engage in corruption in Indonesia. Two nationwide surveys with 2,093 respondents are used to conclude individual motivation. Because the surveys are conducted amid the pandemics of COVID-19, the conclusion will be carefully drawn. The economy deteriorates during pandemics. Indonesia sees a shrinkage of the economy in 2020 to -2.1% (Muhyiddin & Nugroho, 2021). This paper will provide a literature review outlining the theoretical discussion on behavioral economics in Section 2. Section 3 will present the study methodology, along with the model and its estimation technique. Section 4 will provide the estimation results, and Section 5 will bring the findings and conclusion along with some possible research avenues for future works.

2. LITERATURE REVIEW

In behavioral economics, motivations beyond financial and monetary aspects influence how individuals make everyday choices and decisions. Non-monetary motivations such as pride, satisfaction, trust, and moral sentiment, influence individuals to engage in the practice of corruption (Baddeley, 2019; Di Donato, 2018). Under this approach, the individuals are not autonomous decision-makers somewhat influenced by other people's thoughts and framing. The classical dichotomy of intrinsic and extrinsic motivations is still relevant when discussing motivation under this approach. Therefore, a multidisciplinary discussion between economics and other disciplines, such as psychology and sociology, is intense as the individuals are considered not pure self-interest creatures, rather *homo socialis* (Baddeley, 2019). The classical economic argument that corruption is more likely to perform if the perceived benefit crowds out the expected consequences are no longer valid. Chugh (2019) concludes that modification in the psychological process is required to prevent and eradicate the practice of corruption. Learning from India, he finds that corruption is not merely a politically driven behaviour but a psychosocial phenomenon. Many use behaviour economics in the study of corruption by scrutinizing the incentive from intrinsic and extrinsic motivations (Johann, 2015; Kown, 2012).

Table 1. Motivation and behavior to corrupt

Behavior	Intrinsic motivation	Extrinsic motivation
Structural	+	++
Opportunistic	++	+

Note: + less likely, ++ more likely

Taking into account the social context, individual connection with the surroundings shapes the motivation. Social norms can create a punishment that may discourage individuals to violate the norms. However, corruption is not always perceived as destructive behaviour. Torsello and Venard (2015) mention that corruption can bond the people in some societies (i.e., Italy, Latvia, Mexico, or Colombia). The cultural approach emphasizes the roles of cultural orientation (collectivism, uncertainty avoidance and power distance) and social norms (injunctive norms and descriptive norms) in explaining corruption. Many studies have found connections between cultures (national, organizational, local)-distributed in social norms (injunctive, descriptive) and level of corruption (Akbar & Vujic, 2014; Barr & Serra, 2010; Campbell & Goritz, 2014; Sahu, 2017; Taylor & Torsello, 2015; Zhang, 2015). It is because of rationalization of the good-bad feeling based on the culture. Pillay and Dorasamy (2010) suggest that a society with collective culture will enhance the pervasiveness of corruption regardless of whether the corruption is perceived as constructive or destructive behaviour. An example how the role of culture in Indonesia stimulates the corruption is tribute culture ("Budaya Upeti") (Abraham, Suleeman & Takwin, 2018). A study about corruption among Nigerian shows that extrinsic motivation tends to promote the practice of corruption (Agbo & Iwundu, 2020). They argue that a single standard does not exist in such societies. Thus, loyalty standard becomes important than other standards (i.e., social justice). This complicated situation enforces the policymakers to carefully design corruption prevention and eradication programs based on extrinsic motivations. Moreover, the interaction between intrinsic and extrinsic motivation can worsen the practice of corruption. Better performance pay eradicate corruption is damped by lower political patronage in the public sector (Campbell, 2020). Muramatsu and Bianchi (2021) suggest that these programs, if designed poorly, may diminish the intrinsic motivations of individuals not to corrupt (i.e., public integrity and honesty).

There are times when individuals corrupt or are involved in corruption because the social or political conditions allow them to do so. Systemic factors such as power distribution, leadership, law enforcement, the quality of the institution, and cultures may drive individuals to participate in structural behavior for corruption (Albanese & Artello, 2018; Graycar, 2015). The extrinsic motivation that is more driven by social norms intensifies structural behavior to corrupt. The study case in Bandung reveals that the working environment in the public sector allows public servants to engage in corruption (Engkus et al., 2020). They find a strong and massive structural behavior in such a case, both vertical and horizontal working relationship. In contrast, opportunistic behavior occurs when participation in corruption is collusive (Graycar, 2015). The individuals are willing and agree to corrupt for their benefit. Albanese and Artello (2018) mention this act as the result of the free-will decision. Nevertheless, there are times when opportunistic behavior invites individuals who are unwilling to corrupt. In this case, their involvement in corruption is most likely due to the exert of power from other individuals.

3. METHODOLOGY AND DATA

This study uses data from the distributed questionnaires targeting respondents living around Indonesia, both in urban and rural areas. Out of 2,093 responses, the survey collects 107 respondents who corrupt or participate in corruption amid the COVID-19 pandemic. The survey comprised two rounds: a non-anonymous survey (first round) and an anonymous survey (second round). The questionnaires for both surveys are the same. The method for the first survey is using surveyor while the method for the second survey is using a web-based survey. The first round consists of 1,560 responses, with 4% of the respondents (N = 66) indicating corruption. The second rounded, however, find that 8% of the 533 respondents (N = 41) corrupting or participating in corruption.

Table 2. Result of t-test for non-anonymous and anonymous survey

Data Set	N	Mean	Std. Err.	Std. Dev
1 = non-anonymous	1,560	1.957692	0.005098	0.2013548
2 = anonymous	533	1.923077	0.0115529	0.2667197
Difference (diff)		0.0346154	0.0048154	
Ho: diff = 0				
Ha: diff < 0		Pr (T<t) = 0.9991		
Ha: diff != 0		Pr (T > t) = 0.0017		
Ha: diff > 0		Pr (T>t) = 0.0009		

The data sets are then analysed using ordinary least squares (OLS) regressions. The dependent variable is the sector where the corruption occurs, while the independent variable is the motivation behind the corruption. However, a statistical evaluation using the unpaired student's t-test shows that the data is not identical. Table 2 shows that the null hypothesis that the data is identical can be rejected (p = 0.0017) and alternative hypothesis that the difference is not zero and more than zero can be accepted (p = 0.9991). The result suggests that there is a statistical difference between both respondent groups and population means. Thus, both data sets are not combined in this study.

The model specification in this study uses the relation between the response to corrupt or be involved in corruption and the motivations. The linear model is specified as follows:

$$CORR_{i,j} = 0 + 1MOT1_j + 2MOT2_j + 3MOT3_j + 4MOT4_j + 5MOT5_j + 6MOT6_j + \beta 7MOT7_j + 8MOT8_j \quad (1)$$

Where $CORR_{i,j}$ is the dependent variable measuring the count of individual i who commits or is involved in the practice of corruption for a particular sector, while MOT_j is shown in Table 2 above. The explanation of the dependent and independent variables used in this study is shown by Table 3. A test of validity and reliability on nineteen variables for non-anonymous shows a Cronbach's alpha of 0.8642 survey while for anonymous survey shows a Cronbach's alpha of 0.7477.

Table 3. Survey explanation

Sector (dependent variable)	Motivation (independent variable)
Public administration	MOT1: Taking a decision in government (i.e., election, procurement, etc.)
Agriculture, forestry, and fishery	MOT2: Influencing the decision-making in the government (i.e., election, procurement, etc.)
Energy	MOT3: Solving and expediting administration inquiries with the government (i.e., certificate of verification, permits, etc.)
Public services	MOT4: Receiving access to public services
Digital public services	MOT5: Gaining position or authority in the government structure
Public health	MOT6: Receiving public funds for own and/or community's benefit
Manufacturing	MOT7: Avoiding legal consequences from police, customs, army, or other legal institutions
Construction	MOT8: Other motivations (unlisted)
Finance	
Digital finance	
Other sectors (unlisted)	

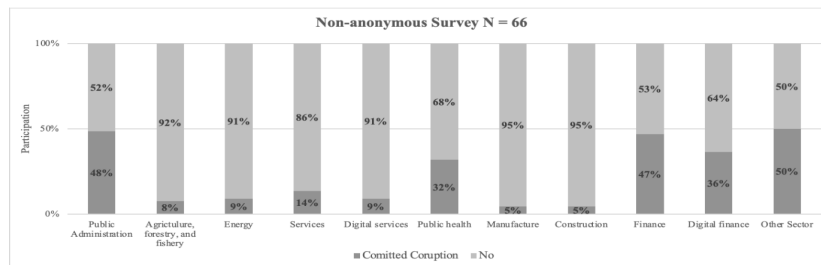


Fig. 1. Sector where respondents participate in committing corruption for non-anonymous (N=66)

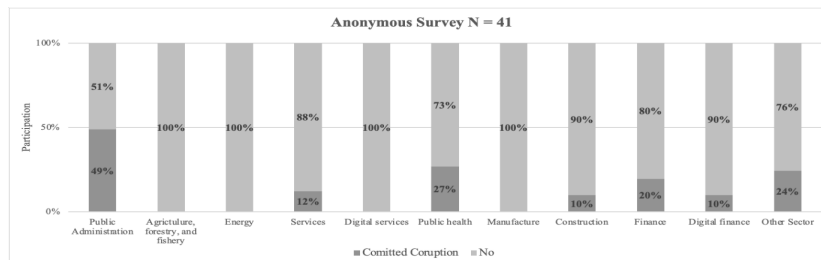


Fig. 2. Sector where respondents participate in committing corruption for non-anonymous (N=41)

In the analysis, this study analyses only the three sectors receiving the most responses. The respondents are allowed to answer more than one sector in accordance to their experiences. The responses for each sector are shown in Fig. 1 and 2. Other sectors are excluded from the analysis due to the limited information as the respondents are not asked to list down the sectors. The analysis for non-anonymous survey includes public administration (response = 48%), finance (response = 47%), and digital finance (response = 36%); while for anonymous survey includes public administration (response = 49%), public health (response = 27%), and finance (response = 20%). This means that there are six regression models to analyse. Table 4 shows the result for three regression models (public administration, finance, and digital finance) of non-anonymous survey. Table 5 shows the result for three regression models (public administration, public health, and finance) for anonymous survey.

4. RESULTS

Table 4 summarizes the results of OLS regression for three sectors receiving the most responses for the non-anonymous survey (N = 66). They are public administration (response = 48%), finance (response = 47%), and digital finance (response = 36%) sectors. The r-squared value for those sectors is

accordingly 59.59%, 60.96%, and 46.46%. Independent variables in the model are the motivation for corruption, as shown by Table 3. The regressions show that the motivation to influence the decision-making process in the government is highly significant. The coefficient for this motivation is positive in all three observed sectors, accordingly public administration ($p = 0.000$), finance ($p = 0.001$), and digital finance ($p = 0.000$). This suggests that the exercise of power over the election or procurement process in the public sector in Indonesia is still dominant. Financial and political benefits from corruption are evident for the individuals who corrupt or are involved in the corruption. A study about the election in Indonesia shows that expenses for the political campaign during the regional election bring eminent burden for the running candidates. Money politics is among the ethics, administration, and criminal violations in the election in Indonesia (Sutarih & Agustina, 2019).

Table 4. Ordinary least-square (OLS) regressions of motivation for corruption for non-anonymous survey

Motivation for corruption	Public Administration	Finance	Digital Finance
	-0.3029776	-0.0784138	-1.711659
Taking decision	0.2332706	0.2289566	0.2584537
	0.199	0.733	0.510
	0.6331355	0.3692063	0.4679337
Influencing decision-making	0.1126411	0.110558	0.1248014
	0.000	0.001	0.000
	0.0880292	-0.0692062	0.1847053
Solving and expediting administration inquiries	0.1335202	0.1310509	0.1479345
	0.512	0.599	0.217
	0.2703644	0.4430077	0.318999
Receiving access to public services	0.134734	0.1322423	0.1492793
	0.050	0.001	0.037
	0.0523926	0.0071034	0.2687452
Gaining position or authority	0.3016593	0.2960805	0.3342253
	0.863	0.981	0.425
	0.0502336	0.4633783	0.425
Receiving public fund	0.1448225	0.1421442	0.160457
	0.730	0.002	0.554
	0.1445248	0.4969697	0.4006397
Avoiding legal consequences	0.1847123	0.1812963	0.2046531
	0.437	0.008	0.055
	-0.1364723	-0.099876	0.1204934
Other motivations	0.09586	0.0940872	0.1062086
	0.160	0.293	0.261
	0.1130798	-1.309192	-1.386926
Constant	0.8587996	0.8429173	0.9515124
	0.896	0.126	0.150
Observation	66	66	66
R-squared	0.5959	0.6096	0.4646
Adj. R-squared	0.5392	0.5548	0.3894

Note: Standard errors in second row, p-values in third row

Secondly, in the finance sector, individuals are most likely to be motivated to engage in corruption to receive public funds ($p = 0.002$) and avoid legal consequences ($p = 0.008$). All coefficients are positive. Economic motivation is primarily relevant when the individuals engage in corruption for receiving public funds. Amid the COVID-19 situation, economic relief package for easing the impact of the crisis on the society may attract the practice of corruption. Steingrüber et al. (2020) mention that individuals in power can be prevented from taking advantage of the crisis for their private benefits using an adequately designed monitoring procurement process and budget spending.

Table 5. Ordinary least-square (OLS) regressions of motivation for corruption for an anonymous survey

Motivation for corruption	Public Administration	Public Health	Finance
Taking decision	-0.1687848	0.4170977	-0.1230481
	0.2431438	0.2388147	0.2073229

	0.493	0.090	0.557
	0.1552387	-0.2728683	-0.2142752
Influencing decision-making	0.2663343	0.2615922	0.2270969
	0.564	0.305	0.352
	0.1588715	0.3111793	-0.041993
Solving and expediting administration inquiries	0.1922505	0.1888275	0.1639274
	0.415	0.109	0.799
	0.4605438	-0.0908083	0.0101965
Receiving access to public services	0.1848663	0.1815747	0.1576311
	0.018	0.620	0.949
	0.0020442	0.5218708	1.079996
Gaining position or authority	0.6418333	0.6304055	0.5472759
	0.997	0.414	0.057
	0.0669302	0.2010123	0.2757746
Receiving public fund	0.2005716	0.1970005	0.1710226
	0.741	0.315	0.117
	-0.0108246	-0.1911113	-0.1404611
Avoiding legal consequences	0.2793442	0.2743705	0.2381901
	0.969	0.491	0.560
	-0.210981	0.0213721	-0.0288102
Other motivations	0.2352512	0.2310626	0.2005931
	0.377	0.927	0.887
	0.757943	0.0608837	0.2114305
Constant	1.079181	1.059966	0.9201918
	0.488	0.955	0.820
Observation	41	41	41
R-squared	0.3831	0.2425	0.2864
Adj. R-squared	0.2288	0.0532	0.1080

Note: Standard errors in second row, p-values in third row

Table 5 shows the ordinary least-square (OLS) regression results for three sectors receiving the most responses for an anonymous survey (N = 41). They are public administration (response = 49%), public health (response = 27%), and finance (response = 20%). The r-squared value for those sectors is accordingly 38.31%, 24.25%, and 28.64%. The expectation to have the anonymous survey is to reduce the respondent bias due to the feedback as the practice of corruption is deemed unethical and against social normal. Unfortunately, the argument that the results is less likely to be influenced by unbiased feedback cannot be verified in this study.

OLS regression results observe that the motivation to receiving access to public services is highly significant ($p = 0.018$) with a positive coefficient. Access to public services can be minimal amid the crisis, mainly when the interaction is limited because the administration is closed and public servants must work from home. Many shows that public services and administration encountering turbulent problems with the emergence of disruptive and uncertain events (Ansell, Sørensen, & Torfing, 2020; Di Mascio, Natalini, & Cacciatore, 2020; Klich, 2021; Zilincikova & Stofkova, 2021).

5. FINDINGS AND CONCLUSION

Corruption is a multi-faceted problem with a high degree of complexity. COVID-19 pandemic brings unpredictable and erratic events to the institutional organization in Indonesia. The response from a nationwide survey shows that 4% of the respondents engage in the practice of corruption during the pandemic in the non-anonymous survey. The response is slightly higher for the anonymous survey; 8% of the respondents engage in the practice of corruption. The lower rate of response is due to the so-called social desirability bias. Respondents encounter dilemmas when reporting unethical situations. In this case, it is the practice of corruption. The respondents do not dare to report due to the social and legal consequences that may arise in the future for them. Chung and Monroe (2003) study that the social desirability bias is higher for unethical actions, for example bad debts and bribes.

Despite the same questionnaires for both surveys, the findings are different between non-anonymous and anonymous surveys. The r-squared value is much better fitter for the non-anonymous survey. One possibility is that the number of observations for the non-anonymous survey (N = 66) is larger than the anonymous survey (N = 41). Even though so, the preservation of anonymity may open the opportunities for individuals to express themselves without having any anxiety being suppressed under normal circumstances (Kasakowskij et al., 2018). This study does not observe that anonymity does not lead to a much larger number of observations. The response rate for the anonymous survey is indeed larger than the non-anonymous survey, accordingly 8% and 4%. Unfortunately, the number of observations for modelling is the contrary. Another possibility is the instructions of the survey. This is the same finding that Mühlenfeld (2004) observes in his study. He concludes that different instructional methods may yield different results.

The main finding of this study is that the motivation to influence the decision making, receive access to the public services, receive the public fund and avoid legal consequences are predominant for the individuals to engage in corruption during the pandemics. The respondents say that they engage in corruption in public administration, finance, and the digital finance sector for the motivation of influencing the decision-making in the government. Indonesia has a structural problem with the deepening corruption involving corrupt officials, according to the study of Hellman (2017). Corruption practices were carried out in a secure manner because they relied on secrecy, collusion, and little trust so that illicit transactions did not leak out (Awaludin, 2016). Thus, it makes the practice of corruption tend to be structural behavior. According to Albanese and Artello (2018), the prevention method for corruption is more to change legal and structural changes to election processes to balance power distribution in the government and more vigorous enforcement of the rule of laws. We argue that the effect of corruption on structural behavior is most likely to be influenced by extrinsic motivation. However, it should be noted that in a country with a more robust collective culture like Indonesia, designing a public policy to overcome such extrinsic motivation can be more costly than intrinsic motivation. Individual factor plays a significant role in deciding corruptive behavior, and every individual has the motivation to display it. Two different studies by Kwon (2012) and Johann (2015) suggest that incentives for intrinsic motivation tend to be more effective than extrinsic motivation. Nevertheless, better institutional governance is imperative in light of preventing and eradicating corruption in Indonesia. However, one should realize that policy and process can still be corrupted.

Another important finding is that the motivation to receive public services is significantly observed in the public administration, finance, and digital finance sectors. In the middle of the COVID-19 pandemic, public services and administration face a high-turbulent environment that requires a fast and radical change so businesses and citizens can still receive the services without delay. Otherwise, individuals are triggered to corrupt to obtain access to public services. Such opportunistic behavior is more evident during the crisis. Studies in two different countries (Italy and Poland) show that digitalization can improve public services (Klich, 2021; Zilincikova & Stofkova, 2021). To solve bureaucracy's compartmentalized and siloed hierarchy, Indonesia needs to accelerate its administrative reform by digitalizing public services.

Studying corruption is an exciting field to explore due to its entangled relationship between social, political, economic, and cultural aspects. Due to the lower response rate, future studies in behavioural social science should aim to have 20-30% of response rate to represent the larger population. In term of the research topics, the studies can include more grounding and comprehensive experiments on how the implementation of public policy in Indonesia can motivate people not to engage in corruption. The question of whether digitalization can eradicate corruption remains a thought-provoking avenue. Addo and Senyo (2020) suggest that digitalization in Ghana is not adequate yet to eliminate corruption. Incorporating insights from behaviour economics and psychology can bring a better understanding of corruption in Indonesia. However, it is worth noting that isolating behavioural factors in the controlled environment is required to shed new light on this topic (Muramatsu & Bianchi, 2021). For example, a study finds that prosocial incentive to promote intrinsic motivation among the workers is less effective if conditional (Cassar & Meier, 2018).

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e ISBN 978-967-25697-0-1



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