

THE ROLE OF LOCAL WISDOM AS PART OF CORRUPTION ERADICATION STRATEGY¹

LIM KURNIAWAN SETIADARMA

limkurniawan99@hotmail.com

ARTICLE INFORMATION

Article history:

Received August 31, 2017

Revised Nov 09, 2017

Accepted Dec 15, 2017

JEL Classifications

K19; K42

Key Words:

Corruption Eradication;

Public Participation;

Local Wisdom.

DOI:

10.21532/apfj.001.17.02.02.03

ABSTRACT

Corruption has been a pervasive problem plaguing our country for a long time. On the other hand, raising community awareness and enhancing public participation have been acknowledged as part of the corruption prevention and eradication strategy in Indonesia for many years, especially since the enactment of 1999 Corruption Law. Nonetheless, public participation in the country seems to keep decreasing throughout the years, leaving corruption alone eroding every sector of society. For this reason, it is important to realize that the success level of public participation is highly related to the existing beliefs and values of people that are expected to be participating – the local wisdom. The purpose of this paper is to evaluate the effectiveness of public participation in eradication of corruption, assess whether the local wisdom has been supporting the corruption eradication/prevention strategy, and finally conclude with a proposition to maximize the role of local wisdom in combatting corruption in Indonesia. To achieve that goal, delving into applicable laws, general principles of law, journals and books, cases and reports, as well as various surveys becomes very important to increase the knowledge and objectivity in thinking and analyzing. Two surveys were also conducted to Indonesian citizens with 328 respondents and 495 respondents, in order to see the real cultures and beliefs that are currently developing in Indonesian society. This research paper will reveal the current Indonesian local wisdom on the ground and its connection to the large strategy of corruption eradication at national level.

¹ The 2nd Runner Up National Call For Paper ACFE Indonesia Chapter 2017

INTRODUCTION

1.1. Background

Pervasive corruption continues to plague our beloved Indonesia. By its enormous corrosive power, corruption obstructs economic growth, derails plans for greater quality of life, impedes social development, distorts political structure, and breeds injustice. Despite a strong yearning from the people of Indonesia to put an end to this evil phenomenon, after 20 years of democracy corruption remains a critical issue in Indonesia. Indonesia scored poorly in Transparency International Corruption Perceptions Index (CPI) 2016: 37 out of 100 (with 0 being highly corrupt) and ranked 90 out of 176 countries.² Indonesia is still listed as one of the most corrupt countries in the world, and CPI has also shown that the progress has been very slow even in the last 5 years.³ Fierce debates and discussions of how to tackle this endemic problem seem to continue endlessly.

In Indonesia, corruption is defined as corruption when it involves public sector.⁴ (Corrupt acts such as bribery in private sector can be said as untouched by Indonesian Corruption Act though other criminal laws also prohibit such acts.) It is acknowledgeable that Indonesia's Corruption Eradication Commission (KPK), has made many laudable actions in revealing gross corruptions including those committed by elites of upper level.⁵ Nevertheless, what KPK has accomplished is still a drop in the ocean as too many undercover corruptions remain undisclosed. On the other

hand, many legislative achievements have also been done. Corruption Eradication Law⁶ has imposed heavy sanctions and implemented a reverse burden of proof. In 2006, Indonesia took a bold action of ratifying the landmark United Nations Convention against Corruption.⁷ Since 2004, the government has also issued national strategies in eradication and prevention of corruption.⁸ With all these efforts, what has still been snagging Indonesia's struggle to fight corruption?

Raising community awareness and enhancing public participation have been acknowledged as part of the corruption prevention and eradication strategy in Indonesia for many years.⁹ Since 1999, the Corruption Law has encouraged public participation and promised a reward for those who have contributed to the prevention, eradication, and disclosure of corruption.¹⁰ Accordingly, citizens' right to access public information is protected by Law no. 14 of 2008, which was implemented in 2010 by the issuance of Government Regulation No. 61 of 2010. Although there is no Law that specifically covers whistleblower system, some legislative protections have been provided for good faith

² Transparency International, *Indonesia*, Available on: <https://www.transparency.org/country/IDN>

³ Transparency International, *Corruption Perceptions Index* annual report, Available at <http://www.transparency.org/research/cpi/overview>

⁴ Law No. 31 Year 1999 as amended by Law No. 20 Year 2001 on Eradication of Corruption

⁵ Gregory B. Poling "Corruption in Indonesia and the 2014 Elections." Center for Strategic & International Studies, Nov. 2013. Available on: <http://csis.org/publication/corruption-indonesia-and-2014-elections>

⁶ Law No. 31 Year 1999 as amended by Law No. 20 Year 2001 on the Eradication of Corruption

⁷ Law No. 7 Year 2006 on the Ratification of United Nations Convention Against Corruption, 2003

⁸ Presidential Instruction No. 5 Year 2004 on Acceleration of Corruption Eradication; Presidential Instruction No. 9 Year 2011 on Action Plan of Corruption Prevention and Eradication; Presidential Decree No. 55 Year 2012 on National Strategy of Corruption Prevention and Eradication: Long Term (2012-2025) and Medium Term (2012-2014)

⁹ Also see Attachment to Presidential Decree No. 55 Year 2012 National Strategy of Corruption Prevention and Eradication: Long Term (2012-2025) and Medium Term (2012-2014), Available on https://www.unodc.org/documents/indonesia/publication/2012/Attachment_to_Perpres_55-2012_National_Strategy_Corruption_Prevention_and_Eradication_translation_by_UNODC.pdf

¹⁰ Article 41 and 42 of Law No. 31 Year 1999 as amended by Law No. 20 Year 2001 on the Eradication of Corruption

whistleblowers.¹¹ How sufficient are all these regulations in the ongoing strenuous fight against corruption?

The success level of public participation is highly related to the existing beliefs and values of people that are expected to be participating – the local wisdom. Like a cycle, the latter is either producing or negating the former while the failure or success of former is impacting the latter. To assess and understand the role of the latter is to assess the correlation of the two and inquire into the effects of both. In simple words, if the public participation produces significant effects in deterring and combatting corruption, an example will be set for the rest of the society, and certain strong values (for example, daring to stand for what is right does amount to something great) will be instilled into the people's minds. This positive example will encourage the rest of the people to participate and discourage any future corruption activities. On the other hand, a public participation can only be realized if there are enough people who have strong values that drive them to stand out and participate. Religious values, professional ethics, and social responsibility are among the individual beliefs that drive people to participate at any cost.¹² On the contrary, a negative effect of one will produce a negative other, and a cycle will be created. Therefore, in this paper the author will start by evaluating the effectiveness of public participation in eradication of corruption, then will continue to see whether the local wisdom has been supporting the corruption

¹¹ For example, Article 10 number (1) of Law No. 31 Year 2014 on the Amendment of Law No. 13 Year 2006 on Witness and Victim Protection; Article 5 of Minister of Law and Human Rights Regulation No. M.HH-11.HM.03.02th.2011; Article 169 paragraphs (1) and (2) and Article 153(1)(h) of Law No. 13 Year 2003 on Manpower; Article 12 of Ministry of Finance Regulation No. 103/PMK.09/2010.

¹² Indonesia Corruption Watch, "Fenomena Whistleblower dan Pemberantasan Korupsi," Available on <http://www.antikorupsi.org/id/content/fenomena-whistleblower-dan-pemberantasan-korupsi>

eradication/prevention strategy, and will end with a proposition to maximize the role of local wisdom in combatting corruption.

1.2. Formulation of Issues

Based on the background, the issues that need to be discussed are, as follows:

1. How effective is public participation in the eradication and prevention of corruption?
2. What are the local values that have been developed and are developing in Indonesia's society?
3. How to maximize the role of local wisdom in an effective mechanism or strategy to eradicate and prevent corruption in Indonesia?

1.3. Purposes of Paper

In writing this paper, the author proposes the following purposes in the above formulation of issues:

1. To describe and evaluate the effectiveness of public participation in the eradication and prevention of corruption;
2. To describe the local values that have been developed and are developing in Indonesia's society;
3. To elaborate ways to maximize the role of local wisdom in an effective mechanism or strategy to eradicate and prevent corruption in Indonesia.

DISCUSSION

2.1. Role of Public Participation in Fighting Corruption

The fight against corruption can never be won without citizens' support, active involvement of people, and the society's vigilance. The media and nongovernmental actors/associations are important in fostering public discussion of corruption, increasing public awareness, as well as screening and scrutinizing governmental anti-corruption

efforts.¹³ Civil society, if powerful enough, can mobilise the greatest pressure for change by calling on governments to meet their international commitments under any anticorruption treaties.¹⁴ According to *Survai Fraud Indonesia 2016*, fraud examiners agreed that the main and most effective media for fraud detection is indeed reports from people (37% of fraud has been found because of people's reports).¹⁵ Another survey shows that whistleblower hotlines are consistently "identified as one of the most effective sources of fraud detection."¹⁶ The role of civil society and the private sector is expected to work as "the anticorruption watchdogs on a large scale."¹⁷

United Nations Convention Against Corruption (UNCAC) obligates State Parties to promote "the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption." Transparency

¹³ OECD, "Anti-Corruption Policies in Asia and the Pacific," *ADB/PECD Anti-Corruption Initiative for Asia and the Pacific*, (2004): pg. 34, <https://www.oecd.org/site/adboecdanti-corruptioninitiative/policyanalysis/35022355.pdf>

¹⁴ Huguette Labelle, "The Role of Civil Society in the Fight against Corruption," Speech, *Transparency International 2012*, Available on: https://www.transparency.org/news/speech/the_role_of_civil_society_in_the_fight_against_corruption

¹⁵ Association of Certified Fraud Examiners Indonesia Chapter, *Survai Fraud Indonesia 2016*, pg. 15.

¹⁶ Asia-Pacific Fraud Survey 2015, "Fraud and corruption – driving away talent?" pg. 4, Available at [http://www.ey.com/Publication/vwLUAssets/ey-apac-fraud-survey-2015/\\$FILE/ey-apac-fraud-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/ey-apac-fraud-survey-2015/$FILE/ey-apac-fraud-survey-2015.pdf).

¹⁷ José L.R. Nascimento, "The Contribution of the Public Participation to Avoid the Misuse of Public Funds: A Comparison of Brazil and the United States Cases," *The George Washington University*, 2012, pg. 6, Available on: https://www2.gwu.edu/~ibi/minerva/Spring2012/Jose_Leonardo.pdf

and accessible information, promoting the contribution of public to decision-making process, promoting anticorruption education and activities, protecting freedom to receive, publish, and disseminate information on corruption, and providing access to anticorruption bodies for the reporting of crimes by public, are among the possible measures to enhance public participation according to the Convention.¹⁸ In other words, the whole strategy should point to a purpose of making "involved citizens become more informed and eager to dedicate their intellectual energy in pursuit of a solution."¹⁹

Democracy is, in fact, one means to encourage public participation. The more people participate, the greater democracy is.²⁰ People are the heart of the true democracy; democracy needs to ensure the participation of citizens in both central and local levels. This is consistent with a Gettysburg address by Abraham Lincoln in 1863 when he termed democratic government as *government of the people, by the people, for the people*. Similarly, the concept of good governance begins to emerge with the same central element: the belief that people's participation is crucial to development, and every citizen is entitled to an equal say in the conduct of public affairs.²¹ Demand for good governance heightens as corruption gets increasingly corrosive. Minogue defined good governance as a strategy that is used to "strengthen the institutions of local society with the objective of making government more

¹⁸ Article 13 of United Nations Convention Against Corruption.

¹⁹ Holzer & Kloby, "Public Performance Measurement an Assessment of the State-of-the-art and Models for Citizen Participation," *International Journal of Productivity and Performance Management*, Vol. 54 No. 7 (2005): pg. 523, quoted in Waheduzzaman, "People's Participation for Good Governance: A Study of Rural Development Programs in Bangladesh," PhD diss. Victoria University, 2010, pg. 36, http://vuir.vu.edu.au/16003/1/Thesis_3619041_Waheduzzaman.pdf

²⁰ Nascimento, *loc.cit.*

²¹ Waheduzzaman, *op.cit.*, pg. 25

accountable, more open, transparent and more democratic.”²² The term governance has been defined also as following the laws of local people.²³ Good governance does not happen by chance, however. The fourth basic action to be taken against corruption in a country, proposed by United Nations, is as follows:

“The public needs to be educated on the advantages of good governance and participate in promoting it. The public itself bears a large share of responsibility for insisting on honesty and integrity in government and business. The public needs to learn: (a) not to let anybody buy their vote; (b) not to pay bribes themselves; (c) to report incidents of corruption to the authorities; and (d) to teach their children the right values; e.g. that integrity is good and corruption is bad.”²⁴

To increase good governance itself needs people’s enhanced participation. To establish good governance in a country, some researchers suggested that decentralisation is necessary.²⁵ Decentralization has been regarded as the major institutional reform to foster people’s participation with local government institutions.²⁶ Nevertheless, decentralization of power that is not counterpoised with local

people’s empowerment to actually participate in decision-making process, will do nothing better than decentralizing corruption.

2.2. The Condition of Public Participation in Indonesia

Since the enactment of Law No. 22 Year 1999 on Local Government and Law No. 25 Year 1999 on Fiscal Balance between Central and Local Government, followed by some revisions and implementing laws subsequently, political, administrative, and fiscal decentralization process in Indonesia progressed rapidly. A much broader regional autonomy, a larger opportunity of political participation for the locals, and a greater freedom, independence, and accountability are now secured by legislative measures. Direct election of both local parliament members²⁷ and even further, also the regional government heads²⁸ is officially regulated. Decentralization has led to simultaneous distribution of authorities and extensive devolution of fiscal expenditure and administrative powers, as well as most of governmental authorities to the local government level.²⁹ It has also been emphasized that regional autonomy is managed to take into account the public participation, principles, of democracy, justice and equality, and the regional potentials and diversity.³⁰ It is

²² M. Minogue, *The Principles and Practices of Good Governance*, Institute for Development Policy and Management, (British: University of Manchester, 1997), pg. 21, quoted in *Ibid*, pg. 25

²³ Minogue, M. Polidano, C. & Hume, D. ‘Introduction: the Analysis of Public Management and Governance’, in M Minogue, C Polidano & D Hume (eds), *Beyond the New Public Management: Changing Ideas and Practices in Governance*, (Cheltenham: Edward Elgar Publishing Limited, 1998), pp. 1-14, quoted in Waheduzzaman, *op.cit.*, pg. 36.

²⁴ United Nations Office for Drug Control and Crime Prevention Centre for International Crime Prevention (UNODC), “Prevention: An Effective Tool to Reduce Corruption,” *Global Programme against Corruption Conferences*, 1999, pg. 2, <https://www.unodc.org/pdf/crime/gpacpublications/cicp2.pdf>

²⁵ Waheduzzaman, *op.cit.*, pg. 73

²⁶ P. Bardhan, “Decentralization of Governance and Development,” *Journal of Economic Perspectives*, Vol. 16, No. 4 (2002): 185, quoted in *Ibid*.

²⁷ Article 94 of Law No. 3 Year 2014 on Local Government

²⁸ There is a long history on the direct election of local governors. Many oppositions existed in the parliament yet attempted to be countered by a lot of clamoring demands from the people to allow for direct election of local governors. It was finally settled in 2014, through the Government Regulation in Lieu of Law No. 1 Year 2014, followed by Law No. 1 Year 2015 on the Establishment of Government Regulation in Lieu of Law No. 1 Year 2014 as Law (later amended by Law No. 10 Year 2016), that local governors, regents, and the mayors shall be directly chosen by people through direct election.

²⁹ Bambang S. Sjahrir and Krisztina Kis-Katos, “The Impact of Fiscal and Political Decentralization on Local Public Investments in Indonesia,” *IZA Discussion Paper No. 7884*, (2014): 6, <http://ftp.iza.org/dp7884.pdf>.

³⁰ Consideration No. 2 of Law No. 22 Year 1999 on Lo-

hoped that the decentralization process would encourage an establishment of good governance through the cooperation between government, private sector, and the people at large.

Unfortunately, all the decentralization and deconcentration efforts seem to be “fruitless.” Instead of helping eliminate corruption, it is giving more space for corruption to thrive.³¹ According to a 2016 annual report by Indonesia Corruption Watch, Regional Government Budget (*Anggaran Pendapatan dan Belanja Daerah/APBD*) is the public resource that has been corrupted the most.³² During the first semester of 2016, most of the corruption cases happened in the regions (the amount of corruption cases in national level is 5 cases while there were 205 cases in the regions).³³ Regional government becomes the epicentrum of corruption cases.³⁴ Further, even at the village government level corruption begins to grow quite terrifyingly, especially since there was a policy of funds allocation from the center to villages, signifying a new place vulnerable to corruption acts.³⁵ It has been widely known that “absolute power corrupts absolutely (Lord Acton),” yet is it also

cal Government

³¹ Achmad Maulani, “Korupsi dan Wajah Kusam Otonomi Daerah,” taken from *Koran Tempo*, November 25, 2010, Available at <http://www.antikorupsi.org/en/content/korupsi-dan-wajah-kusam-otonomi-daerah>

³² Indonesia Corruption Watch (ICW), “Kajian Tren Penanganan Kasus Korupsi Tahun 2016,” 2016, Available at <http://www.antikorupsi.org/sites/antikorupsi.org/files/files/Siaran%20Pers/TREN%20PENINDAKAN%20KASUS%20KORUPSI%202016%20-%20ICW.pptx>

³³ Indonesia Corruption Watch (ICW), “Kinerja Penanganan Kasus Korupsi Semester I 2016,” 2016, Available at <http://www.antikorupsi.org/sites/antikorupsi.org/files/files/Berita/Kinerja%20Penanganan%20Kasus%20Korupsi%20-%20Semester%20I%202016.pdf>

³⁴ “Pemerintah Daerah Jadi Episentrum Kasus Korupsi,” *Media Indonesia*, August 29, 2016, Available at <http://mediaindonesia.com/news/read/63966/pemerintah-daerah-jadi-episentrum-kasus-korupsi/2016-08-29>

³⁵ ICW “Kajian Tren Penanganan Kasus Korupsi Tahun 2016,” *Ibid*.

true now that decentralized power corrupts decentralized-ly? After all, does corruption lie solely in power?

The General Secretary of Indonesian National Forum Secretariat for Budget Transparency stated that public participation in controlling APBD is still very low. Transparency should have been accompanied with the involvement of social institutions and private institutions in monitoring.³⁶ Even in regional general elections, people’s participation keeps decreasing constantly throughout the years, despite all the exhausting efforts made by the General Election Commission (KPU) in socializing.³⁷ A troubling question remains: what is refraining the public from participating?

The instruments of public monitoring can be divided into two: through direct contact with the government or public officials, and indirect contact with the government. For indirect contact, we can either rely on limited visibility of some governmental actions (such as constructions in our vicinity) or on media publicizing some political decision-making. Indeed, media, whom we depend a lot to be the bridge between us and the government, suffers many issues. Inflicted with bias is one thing, and the fact that media has not been successful to cover many important issues is another thing.³⁸ Regardless of this fact, there are still some available spaces that allow public monitoring, both through direct or indirect contact as we are actually living in a democratic country. Why,

³⁶ Arkhelaus W., “FITRA: Partisipasi Masyarakat dalam Kontrol APBD Masih Rendah,” *Tempo.co*, March 16, 2017, Available at <https://nasional.tempo.co/read/news/2017/03/16/078856726/fitra-partisipasi-masyarakat-dalam-kontrol-apbd-masih-rendah>

³⁷ Dendy Ramadhani, “Partisipasi Masyarakat di Pilkada Jabar Masih Rendah,” *Kompas.com*, August 10, 2017, Available at <http://regional.kompas.com/read/2017/08/10/14174811/partisipasi-masyarakat-di-pilkada-jabar-masih-rendah>

³⁸ ICW noted in its report on “Kajian Tren Penanganan Kasus Korupsi Tahun 2016” that not all corruption cases are monitored by ICW through media; many corruption cases are not covered by media.

then, do the people still fail to monitor? Why do the people seem “powerless” as corruption keeps usurping every power?

Public participation can be defined as “the process by which public concerns, needs and values are incorporated into governmental and corporate decision making – a two-way communication and interaction, with the overall goal of better decisions that are supported by the public.”³⁹ Hence, societal norms, cultural expectations, and community’s values may either act as an incentive, or a barrier towards effective public participation in combatting corruption. In fact, the power of participation lies in the fact that what is locally owned and valued by people will always flourish.⁴⁰ National Coordinator of Voters’ Education Network for People (JPPR), Masykurudin Hafidz, mentioned that the voters and ongoing social condition are also what determine the level of participation.⁴¹ Similarly, a political observer, Ridha Adjam stated that people’s apathism and feelings/beliefs become impactful towards their actual participation.⁴² The key that has to be underlined is this: how can the public control/monitor the government if the majority of public themselves are used to doing the same corruption acts? This links us to our core issue: the people’s local wisdom – what are actually the current people’s majority beliefs and cultures?

³⁹ James L. Creighton, *The public participation handbook: making better decisions through citizen involvement*, (San Francisco: Jossey-Bass, 2005), quoted in *Ibid*, pg. 10.

⁴⁰ UNODC, 1999, *Op.cit.*, pg. 3.

⁴¹ Yustinus Paat, “Tiga Faktor Utama Penyebab Partisipasi Pilkada Rendah,” *Berita Satu.com*, December 11, 2015, Available at <http://www.beritasatu.com/aktual/330192-tiga-faktor-utama-penyebab-partisipasi-pilkada-rendah.html>

⁴² Dewi Kandi, “Partisipasi Pilkada Rendah karena Masyarakat Jenuh dan Apatitis,” *CNN Indonesia*, December 12, 2015, Available at <https://www.cnnindonesia.com/politik/20151212140158-32-97750/partisipasi-pilkada-rendah-karena-masyarakat-jenuh-dan-apatitis/>

2.3. Local Wisdom in Indonesia and Its Impact on Public Participation

For the purpose of understanding the local wisdom developed in our current community, I made a survey with 328 respondents of Indonesian citizens and who have been living in Indonesia over 20 years. The result is astounding. When asked whether honesty is still considered important in their society, the majority of 79.6% answered yes, absolutely important while only 20.1% answered “depends on situations.” This sounds conflicting with another survey with 495 respondents (also Indonesian citizens) when asked whether based on their experiences in working activities, gratification or “speed money” has become part of the smoothness and expedition of all activities, a majority of 53.2% answered yes, while only 28.7% answered no, and the remaining 18% answered not sure. Striving to see the underlying reason, I asked the same first 328 respondents whether position, money (wealth), and fame/popularity have become three main aspects that determine someone’s status (and their status) in society. The result is surprising: only 41.5% answered yes, while the other 41.2% answered no, and the remaining 17.4% answered not really. However, the interesting part is this; when asked which is considered more important in their workplace: result or means, the majority of 54.3% answered result, only 38.1% answered means, and the rest answered with varying answers such as “both” and “depends.” Then when asked whether in their workplace compromising (in any cases) for the sake of survival has become normal and acceptable, the majority of 52.7% answered yes, and only 47.3% answered no. One thing can be inferred from this result: honesty is still embedded in our society’s minds, but not in our society’s hands – lifestyle, and the rationalization of “everyone is doing it” of the society has dictated everyone’s actions and created a vicious cycle. But what is more to it? What caused the lifestyle to grow disastrously, taking into account that “position,

money, and fame” turns out to be not perceived as that ‘decisive’ by people?

The majority of corruption cases have involved the private sector, according to KPK (Corruption Eradication Commission).⁴³ Public procurement, a sector that demands close interaction between both private and public actors, has become the high-risk sector that is “constantly among the top three cases handled by KPK, more than 30 percent of the state budget is spent in the sector, which results in significant cost of public money”⁴⁴ and “one of the government activities most vulnerable to corruption.”⁴⁵ Privatization of Indonesian State-Owned Companies (BUMN) also seems unable to deter corruption in BUMN. In 2011, PT Garuda Indonesia Tbk (GIAA) was privatized,⁴⁶ yet its own President Director was recently labeled as suspect by KPK, allegedly receiving bribes.⁴⁷

This brings to light how corrupt acts have also increasingly become a rampant practice in the private sector itself, and which later can induce and facilitate the corruption to flourish.⁴⁸ Since 2009, Transparency

⁴³ “Wakil Ketua KPK: Sektor Swasta Paling Banyak Terlibat Kasus Korupsi,” *Kompas.com*, March 21, 2017, Available at <http://nasional.kompas.com/read/2017/03/21/15574231/wakil.ketua.kpk.sektor.swasta.paling.banyak.terlibat.kasus.korupsi>

⁴⁴ Glenn Maail, *Open Data and the Fight against Corruption in Indonesia*, (Transparency International, 2017), pg. 12, Available at http://webfoundation.org/docs/2017/04/2017_OpenDataIndonesia_EN-2.pdf

⁴⁵ OECD, “Preventing Corruption in Public Procurement,” 2016, Available at <http://www.oecd.org/gov/ethics/Corruption-in-Public-Procurement-Brochure.pdf>

⁴⁶ “Ini Daftar BUMN yang Sudah Diprivatisasi,” *detik-Finance*, April 9, 2015, Available at <https://finance.detik.com/bursa-valas/2882246/ini-daftar-bumn-yang-sudah-diprivatisasi>

⁴⁷ Muhammad F. Marta, “Korupsi BUMN yang Makin Menggila,” *Kompas.com*, April 15, 2017, Available at <http://ekonomi.kompas.com/read/2017/04/15/070000926/korupsi.bumn.yang.makin.menggila>

⁴⁸ Gonzalo F. Forgues-Puccio noted a very important finding: A recent paper by Ufere et al (2012) suggests

International has demonstrated a trend towards greater public concern about corruption in and by the private sector.⁴⁹ Unfortunately, bribery, embezzlement, and other corrupt practices done purely in private sector (with no involvement of public sector) have not yet fallen into the scope of Indonesian Corruption Law (Law No. 20 Year 2001) and hence not considered corruption under legal definition.⁵⁰ While existence of law is often not sufficient to bar corrupt practices due to weak and uncertain law enforcement,⁵¹ vacuums or deficiencies in laws further exacerbated the issue.

Taking as an example, we may look at the banking sector, where many laws and

that we have to study rigorously the role of the private sector in corrupt transactions and stop thinking that private companies are simply victims of a corrupt public sector. They use semi-structured interviews with founders/CEOs of 32 firms in three industries traditionally linked with corruption in Nigeria. They find that entrepreneurs are active (and not passive) bribers, having developed highly sophisticated bribery practices supported by a large number of other actors such as government agents, politicians, and technocrats. Moreover this bribery practices are governed by a well-embedded set of social norms, procedures and power relations. (Gonzalo F. Forgues-Puccio, “Corruption and the Private Sector: A review of issues,” *EPS-PEAKS*, 2013, pg. 8, Available at http://www.businessenvironment.org/dyn/be/docs/262/Corruption_and_the_Private_Sector_EPS_PEAKS_2013.pdf)

⁴⁹ Juanita Riano et. al., “Global Corruption Barometer 2009,” *Transparency International*, Available at https://www.transparency.org/whatwedo/publication/global_corruption_barometer_20091.

⁵⁰ Also see Lutfy M. Putra, “Pimpinan KPK Sebut Penindakan Korupsi di Sektor Swasta Terlambat,” *Kompas.com*, November 16, 2016, Available at <http://nasional.kompas.com/read/2016/11/16/21463181/pimpinan.kpk.sebut.penindakan.korupsi.di.sektor.swasta.terlambat>

⁵¹ Ratnawati, et.al., “Law Enforcement in Indonesia: A Review from Legal Apparatus Roles,” *Journal of Law, Policy, and Globalization* Vol. 58, 2017, pg. 1, ISSN 2224-3259. Also see Lukman D. Sari, “ICW: Korupsi yang Dianggap Kasus Luar Biasa Justru Divonis Ringan,” *Metrotvnews.com*, August 13, 2017, Available at <http://news.metrotvnews.com/read/2017/08/13/743331/icw-korupsi-yang-dianggap-kasus-luar-biasa-justru-divonis-ringan>

regulation have actually been put in place to alleviate the proliferating of theft and fraud in banks. Financial Services Authority Regulation No. 55/POJK.03/2016 on the Implementation of Governance for Commercial Banks was issued, replacing Bank of Indonesia Regulation No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance for Commercial Banks as amended by Bank of Indonesia Regulation No. 8/14/PBI/2006. Bank of Indonesia Circular Letter No. 13/28/DPNP on Implementation of Anti-Fraud Strategy for Commercial Banks was also issued in 2011. Nevertheless, fraud risk in banking sector remains high.⁵² As fraud cases that incur banks many costly losses keep arising, it was reportedly found out that about 90% of fraud cases always involved the internal people.⁵³ Credit risk and liquidity risk move up as the top concerns on which bankers are mainly focused.⁵⁴ Despite of this obvious urgency, however, the industry satisfaction level with bank's risk management, especially the credit risk management, is still very low, far lower compared to 2014 levels.⁵⁵ Bankers working in state-owned banks, nonetheless, have higher confidence that their banks have clear risk management strategy in place, while

many from private-local banks feel the strategy is either still in progress or unclear.⁵⁶

Seeing the private sector as messy as the public sector, we all become witnesses of a disgruntled community. Every side will end up finding itself deprived of every authority to blame the other side for condoning the prevalence of corruption. Both are responsible for it. This is why our concept of public participation hardly works efficiently and effectively. If we say promoting good education for all is the only solution to empower people to participate in combatting corruption, we are forgetting an existence of cycle. Democracy receded into a myth and government lost its legitimacy when people began to lose their trust in the government,⁵⁷ renounce their social responsibility, and eventually start to view their surroundings with more distrust, ignorance, and egotism – all these are the aftermath of corruption itself that has driven people into feeling that their trust has been betrayed, that the right would never win, and their participation amounts to nothing. Consequently, the social gap increases even more as people less care about each other, allowing more corruption to creep in as the getting-poorer part of society lost “control” of the rich and those in power, and many parts of society (both within public and private sector) lost sight of each other. Then corruption began to severely impair the national education system,⁵⁸ which further enfeebles a large number of people. Consequently, legal system is paralyzed and accountability denounced, and finally the glimmering concept

⁵² Iwan Supriyatna, “Pencurian Data Nasabah, Potret Carut Marut Perbankan?” *Kompas.com*, April 4, 2017, Available at <http://ekonomi.kompas.com/read/2017/04/04/07000026/pencurian.data.nasabah.potret.carut-marut.perbankan>.

⁵³ Eduardo Simorangkir, “Soroti Kasus Pembobolan Bank, OJK: 90% Libatkan Orang Dalam,” *detikFinance*, April 1, 2017, Available at https://finance.detik.com/moneter/d-3462462/soroti-kasus-pembobolan-bank-ojk-90-libatkan-orang-dalam?_ga=2.114746117.380059955.1503290889-1915719665.1430721723. Also see Bartanius Dony, “Kasus Pembobolan 7 Bank, Polisi: Total Kerugian Rp 836 Miliar,” *detikNews*, March 9, 2017, Available at <https://news.detik.com/berita/d-3442591/kasus-pembobolan-7-bank-polisi-total-kerugian-rp-836-miliar>

⁵⁴ PwC, “Indonesia Banking Survey 2017,” pg. 26, Available at <https://www.pwc.com/id/en/publications/assets/financialservices/ibs-2017.pdf>

⁵⁵ *Ibid*, pg. 27

⁵⁶ *Ibid*.

⁵⁷ John Locke's social contract theory underlines that a legitimate government is built upon consent of the people; that is, they trust the government to protect their rights. See Celeste Friend, “Social Contract Theory,” *Internet Encyclopedia of Philosophy*, available at <http://www.iep.utm.edu/soc-cont/>

⁵⁸ According to ICW Report “Kajian Tren Penanganan Kasus Korupsi Tahun 2016,” 2016, education sector is the second most vulnerable public service sector to corruption, after regional funds.

of public participation fades into a fantasy. At last corruption persists; a cycle does exist.

A good news was finally heard, however, when an OECD Survey recently marked Indonesia as the first-rank country with the highest percentage of public trust and confidence in national government (80%).⁵⁹ One of the most laudable achievements that contributed to this result is the government's ongoing effort in ensuring accountability and transparency in its budgeting process (APBN). Nonetheless, it still has to be understood that gaining public trust is only the first step of a long staircase. After all, another survey⁶⁰ demonstrated that people's trust towards Indonesian political parties, parliament, and courts is still very low (39.2%, 48.5%, and 57.9% respectively). Corruption level in Indonesia is also still very high with low level of public participation, as described in previous paragraphs.

2.4. Maximizing Role of Local Wisdom in Indonesia

In the same first survey of 328 respondents that I made, I asked people whether positive life values that they know have become a lifestyle in their society or have been abandoned. As a result, 41.5% still believe they have become a lifestyle, while the big majority believe either all or some or most of the positive life values have been abandoned. We have to arrive at a painful truth: our society is in crisis of local wisdom itself – we have lost our real “laws of the people”, our positive identity, and our beliefs. To ask how to maximize the role of local wisdom in Indonesia is to ask how to restore the local wisdom back

⁵⁹ OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/gov-glance-2017-en>.

⁶⁰ Indikator Politik Indonesia, “Revisi UU KPK dan Pertaruhan Modal Politik Jokowi: Temuan Survei Nasional 18-29 Januari 2016,” Available at http://indikator.co.id/uploads/20160208141409.Bahan_Rilis_Indi_KP-KJOKOWI.pdf

in Indonesia. The answer is, it entails not just educating the uneducated, but also moralizing all the educated. It requires real commitment to repair back all the broken system; and the restoration process does not only start from the government, or only from the participation of the private sector – it starts from both. It needs strong partnerships. This nation was first built by the people – and until now the responsibility lies on all people. All, with no exception.

CONCLUSION

Public participation possesses an immense power in helping the fight against corruption due to its ability to be the anticorruption watchdog on a large scale. However, its effectiveness largely depends on the people's own majority beliefs, cultures, and “local unwritten laws” – the local wisdom. Indonesian society, sadly, has lost many of its local idealism and positive values in practice, and the private sector is as corrupt as the public sector. This caused public participation in Indonesia to plummet constantly.

What has to be highlighted here is this: Corruption lies not solely in power; it lies in the human being himself – in his own behaviors. Power does not tend to corrupt; but when man has within himself a corrupt belief, corrupt mind, because he is living his everyday life receiving either a societal encouragement or pressure to actualize every corrupt practice, he will commit corruption – whether or not he has power within his possession. On the contrary, give all the absolute power to a man with strong integrity, and he will transform that power for the benefit of his community. Yet no one has strong integrity by chance; everyone is shaped by his society – his surroundings – either directly or indirectly. Local wisdom is very important, and when its positiveness is lost, who can resuscitate it?

We, the people, must revive it. We must bring back what has been lost. Government must hold hands with the people, and both

sides shall understand that positive change does not start from the other side – it starts from everyone, from the smallest unit of society to the largest. Commitment is crucial here. If every unit of society grows and develops all the firm positive life values, individuals bringing these values will get into both private and public sector, changing systems, changing positive laws, creating a whole new cycle of prosperity, peace, and justice. Only by then, we shall witness the power of local wisdom changing our whole nation, Indonesia.

REFERENCES

Books

Creighton, James L. *The public participation handbook: making better decisions through citizen involvement*. San Francisco: Jossey-Bass, 2005.

Minogue, M. *The Principles and Practices of Good Governance*. Institute for Development Policy and Management. British: University of Manchester, 1997.

Minogue, M., Polidano, C. & Hume, D. 'Introduction: the Analysis of Public Management and Governance', in M Minogue, C Polidano & D Hume (eds). *Beyond the New Public Management: Changing Ideas and Practices in Governance*. Cheltenham: Edward Elgar Publishing Limited, 1998.

OECD. *Government at a Glance 2017*. Paris: OECD Publishing, 2017 http://dx.doi.org/10.1787/gov_glance-2017-en

Journals

Bardhan, P. "Decentralization of Governance and Development," *Journal of Economic Perspectives*, Vol. 16, No. 4, 2002.

Forgues-Puccio, Gonzalo F. "Corruption and the Private Sector: A review of issues," *EPS-PEAKS*, 2013.

Holzer & Kloby. "Public Performance Measurement an Assessment of the State-of- the-art and Models for Citizen Participation." *International Journal of Productivity and Performance Management*, Vol. 54, No. 7, 2005.

Nascimento, José L.R. "The Contribution of the Public Participation to Avoid the Misuse of Public Funds: A Comparison of Brazil and the United States Cases," *The George Washington University*, 2012.

OECD. "Anti-Corruption Policies in Asia and the Pacific," *ADB/PECD Anti-Corruption Initiative for Asia and the Pacific*, 2004.

OECD. "Preventing Corruption in Public Procurement." 2016. <http://www.oecd.org/gov/ethics/Corruption-in-Public-Procurement-Brochure.pdf>

Ratnawati, et.al. "Law Enforcement in Indonesia: A Review from Legal Apparatus Roles." *Journal of Law, Policy, and Globalization*, Vol. 58, 2017.

Sjahrir, Bambang S. and Krisztina Kis-Katos. "The Impact of Fiscal and Political Decentralization on Local Public Investments in Indonesia." *IZA Discussion Paper No. 7884*, 2014.

Laws

Law No. 1 Year 2015 on the Establishment of Government Regulation in Lieu of Law No. 1 Year 2014 as Law

Law No. 31 Year 2014 on the Amandment of Law No. 13 Year 2006 on Witness and Victim Protection

Law No. 3 Year 2014 on Local Government

Law No. 7 Year 2006 on the Ratification of United Nations Convention Against Corruption, 2003

Law No. 13 Year 2003 on Manpower

Law No. 31 Year 1999 as amended by Law No. 20 Year 2001 on Eradication of Corruption

Presidential Decree No. 55 Year 2012 on National Strategy of Corruption Prevention and Eradication: Long Term (2012-2025) and Medium Term (2012-2014)

Presidential Instruction No. 9 Year 2011 on Action Plan of Corruption Prevention and Eradication

Presidential Instruction No. 5 Year 2004 on Acceleration of Corruption Eradication Minister of Law and Human Rights Regulation No. M.HH-11.HM.03.02th.2011 Ministry of Finance Regulation No. 103/PMK.09/2010

Reports

Asia-Pacific Fraud Survey 2015. "Fraud and corruption – driving away talent?" [http://www.ey.com/Publication/vwLUAssets/ey-apac-fraud-survey-2015/\\$FILE/ey-apac-fraud-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/ey-apac-fraud-survey-2015/$FILE/ey-apac-fraud-survey-2015.pdf).

Association of Certified Fraud Examiners Indonesia Chapter. *Survai Fraud Indonesia 2016*.

Indonesia Corruption Watch (ICW). "Kajian Tren Penanganan Kasus Korupsi Tahun 2016." <http://www.antikorupsi.org/sites/antikorupsi.org/files/files/Siaran%20Pers/TREN%20PENINDAKAN%20KASUS%20KORUPSI%202016%20-%20ICW.pptx>

Indonesia Corruption Watch (ICW). "Kinerja Penanganan Kasus Korupsi Semester I 2016." <http://www.antikorupsi.org/sites/antikorupsi.org/files/files/Berita/Kinerja%20Penanganan%20Kasus%20Korupsi%20-%20Semester%20I%202016.pdf>

Indikator Politik Indonesia. "Revisi UU KPK dan Pertaruhan Modal Politik Jokowi: Temuan Survei Nasional 18-29 Januari 2016." http://indikator.co.id/uploads/20160208141409.Bahan_Rilis_Indi_KPKJOKOWI.pdf

Maail, Glenn. Transparency International. *Open Data and the Fight against Corruption in Indonesia*. 2017. http://webfoundation.org/docs/2017/04/2017_OpenDataIndonesia_EN-2.pdf.

PwC. "Indonesia Banking Survey 2017." <https://www.pwc.com/id/en/publications/assets/financialservices/ibs-2017.pdf>

Riano, Juanita et. al. "Global Corruption Barometer 2009." *Transparency International*. https://www.transparency.org/whatwedo/publication/global_corruption_barometer_20091.

Transparency International. "Corruption Perceptions Index Annual Report." <http://www.transparency.org/research/cpi/overview>.

Internet

Arkhelaus, W. "FITRA: Partisipasi Masyarakat dalam Kontrol APBD Masih Rendah." *Tempo.co*. March 16, 2017. <https://nasional.tempo.co/read/news/2017/03/16/078856726/fitra-partisipasi-masyarakat-dalam-kontrol-apbd-masih-rendah>.

Dony, Bartanius. "Kasus Pembobolan 7 Bank, Polisi: Total Kerugian Rp 836 Miliar." *detikNews*. March 9, 2017. <https://news.detik.com/berita/d-3442591/kasus-pembobolan-7-bank-polisi-total-kerugian-rp-836-miliar>

Friend, Celeste. "Social Contract Theory." *Internet Encyclopedia of Philosophy*. <http://www.iep.utm.edu/soc-cont/>.

Kandi, Dewi. "Partisipasi Pilkada Rendah karena Masyarakat Jenuh dan Apatitis." *CNN Indonesia*. December 12, 2015. <https://www.cnnindonesia.com/politik/20151212140158-32-97750/partisipasi-pilkada-rendah-karena-masyarakat-jenuh-dan-apatitis/>.

Marta, Muhammad F. "Korupsi BUMN yang Makin Menggila." *Kompas.com*. April

- 15, 2017. <http://ekonomi.kompas.com/read/2017/04/15/070000926/korupsi.bumn.yang.mak.in.menggila>.
- Maulani, Achmad. "Korupsi dan Wajah Kusam Otonomi Daerah." Taken from *Koran Tempo*. November 25, 2010. <http://www.antikorupsi.org/en/content/korupsi-dan-wajah-kusam-otonomi-daerah>.
- Paat, Yustinus. "Tiga Faktor Utama Penyebab Partisipasi Pilkada Rendah." *Berita Satu.com*. December 11, 2015. <http://www.beritasatu.com/aktual/330192-tiga-faktor-utama-penyebab-partisipasi-pilkada-rendah.html>.
- Poling, Gregory B. "Corruption in Indonesia and the 2014 Elections." *Center for Strategic & International Studies*. <http://csis.org/publication/corruption-indonesia-and-2014-elections>.
- Putra, Lutfy M. "Pimpinan KPK Sebut Penindakan Korupsi di Sektor Swasta Terlambat." *Kompas.com*. November 16, 2016. <http://nasional.kompas.com/read/2016/11/16/21463181/pimpinan.kpk.sebut.penin.dakan.korupsi.di.sektor.swasta.terlambat>
- Ramadhani, Dendy. "Partisipasi Masyarakat di Pilkada Jabar Masih Rendah." *Kompas.com*. August 10, 2017. <http://regional.kompas.com/read/2017/08/10/14174811/partisipasi-masyarakat-di-pilkada-jabar-masih-rendah>.
- Sari, Lukman D. "ICW: Korupsi yang Dianggap Kasus Luar Biasa Justru Divonis Ringan." *Metrotvnews.com*. August 13, 2017 <http://news.metrotvnews.com/read/2017/08/13/743331/icw-korupsi-yang-dianggap-kasus-luar-biasa-justru-divonis-ringan>.
- Supriyatna, Iwan. "Pencurian Data Nasabah, Potret Carut Marut Perbankan?" *Kompas.com*. April 4, 2017. <http://ekonomi.kompas.com/read/2017/04/04/070000026/pencurian.data.nasabah.potret.carut-marut.perbankan>.
- Simorangkir, Eduardo. "Soroti Kasus Pembobolan Bank, OJK: 90% Libatkan Orang Dalam." *detikFinance*. April, 2017. <https://finance.detik.com/moneter/d-3462462/soroti-kasus-pembobolan-bank-ojk-90-libatkan-orang-dalam?ga=2.114746117.380059955.1503290889-1915719665.1430721723>.
- "Fenomena Whistleblower dan Pemberantasan Korupsi." Indonesia Corruption Watch. <http://www.antikorupsi.org/id/content/fenomena-whistleblower-dan-pemberantasan-korupsi>.
- "Ini Daftar BUMN yang Sudah Diprivatisasi." *detikFinance*. April 9, 2015. <https://finance.detik.com/bursa-valas/2882246/ini-daftar-bumn-yang-sudah-diprivatisasi>.
- "Pemerintah Daerah Jadi Episentrum Kasus Korupsi." *Media Indonesia*. August 29, 2016. <http://mediaindonesia.com/news/read/63966/pemerintah-daerah-jadi-episentrum-kasus-korupsi/2016-08-29>.
- "Wakil Ketua KPK: Sektor Swasta Paling Banyak Terlibat Kasus Korupsi." *Kompas.com*. March 21, 2017. <http://nasional.kompas.com/read/2017/03/21/15574231/wakil.ketua.kpk.sektor.swasta.paling.banyak.terlibat.kasus.korupsi>.

Others

- Labelle, Huguette. "The Role of Civil Society in the Fight against Corruption." Speech. *Transparency International 2012*. https://www.transparency.org/news/speech/the_role_of_civil_society_in_the_fight_against_corruption
- Waheduzzaman. "People's Participation for Good Governance: A Study of Rural Development Programs in Bangladesh." PhD diss. Victoria University, 2010.

