Crisis of Mega-Corruption on the Eve of Indonesian General Elections: Its Implications for The Quality of Elected Governance

Mohammad Ali Nur Sidiq, Mutia Wahyuni

Abstract: Corruption cases in Indonesia typically peak in the year leading up to general elections, often accompanied by the emergence of the National Mega Corruption phenomenon. The high logistics costs of general elections have historically fueled corruption. This study analyzes corruption, including mega corruption, following Indonesia's adoption of an open election system and assesses the impact of corruption on government service quality and regulations. Research methods include Exploratory Data Analysis, Vector Error Correction Model (VECM), and Comparative Ordinary Least Square. Findings show that (1) Democracy in Indonesia is closely linked to corruption and mega corruption at both central (executive and legislative) and regional (regional head election) levels; (2) Corruption and mega corruption trends preceding general elections are expected to persist in the 2024 and 2029 elections; (3) Political corruption leads to poor government service quality and regulation; (4) The shock of pre-election corruption will affect government quality for over two decades. This research emphasizes the need for electoral process and corruption enforcement reforms in Indonesia. Unmitigated, pre-election corruption can lead to poor governance and reduced public welfare.

Keywords: General Elections, Mega-Corruption, Government Quality, Transformation

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I. Introduction

The year 2024 marks a crucial point in Indonesia’s democratic journey. Alongside the Presidential and Legislative Elections, simultaneous Regional Elections will also take place in 548 regions, comprising 38 provinces, 415 regencies, and 98 cities. Initial steps for the 2024 legislative and presidential elections have already been initiated. Ideally, these general elections will provide an opportunity for the public to entrust their hopes for happiness to their chosen representatives, Ward, (2021); Botchway, (2018).

However, the crowded agenda of the 2024 general elections necessitates that every political party has sufficient “war” logistics to mobilize their party machinery (Schdler, 2013; Levitsky and Way, 2010; Schdler 2006; Diamond, 2002). Besides logistical factors, the packed 2024 elections seem poised to be filled with electoral activities. The close proximity of the presidential and legislative elections, coupled with the short gap leading to the local elections, which is only a 10-month difference, has even led to discussions about advancing it by 2 to 3 months. This situation increases the potential for various deviations and conflicts to reach a climax. Electoral contests are often marred by various issues, including corruption case, Dawson, (2020); Afridi, et al. (2016); Donovan and Brantor, (2012); Alfano, et al. (2012).

Several cases handled by law enforcement, especially the Indonesia’s Corruption Eradication Commission (KPK), are related to completion of electoral issues. The intensity of the competition implies the costs that candidates must prepare to emerge as winners in the electoral competition (Paskarina, 2018). According to Indonesia Corruption Watch (ICW, 2023), common electoral corruption practices include vote buying, political contributions (financial support), buying and selling of support, and promises of positions/special rewards. Electoral corruption is closely related to political corruption (ICW, 2023). As a consequence of the substantial costs incurred to win the electoral contest, it becomes an incentive for the election winner to recover those expenses. This, in turn, becomes the genesis of political corruption (Satria, 2020).
2,707 reports of corruption cases. This situation is very concerning because historically, general elections in Indonesia have always been followed by a surge in corruption enforcement cases.

Following the same pattern, general elections are also consistently accompanied by the emergence of large-scale corruption phenomena known as “mega corruption.” According to Indonesia Corruption Watch (2022), from 2007 to 2009, there was a mega corruption phenomenon involving the Bank Century case, which resulted in state losses of Rp6.76 trillion, as well as corruption involving businessman Surya Darmadi in the land encroachment case in Riau, causing state losses of Rp39.7 trillion. Meanwhile, from 2012 to 2014, there was the mega corruption phenomenon related to the E-KTP (Electronic ID Card) involving several leaders of the House of Representatives and politicians, resulting in state losses of Rp2.3 trillion. Leading up to the 2019 general elections, there was mega corruption involving the Minister of Youth and Sports, Imam Nahrowi, and the Meikarta project bribery case, resulting in state losses of over Rp1 trillion.

Meanwhile, leading up to the 2024 general elections, various major mega corruption cases have surfaced, such as the corruption in PT Trans-Pacific Petrochemical Indotama (TPPI), causing state losses of Rp37.8 trillion (Humas Polri, 2020), the ASABRI corruption case with state losses of Rp22.7 trillion and the Jiwasraya corruption case with state losses of Rp12.4 trillion (ICW, 2022); and the 4G BTS project corruption case involving the Minister of Communication and Information Technology with state losses of Rp8 trillion (BPKP, 2023). Even more recently, on September 11, 2023, the Coordinating Minister for Political, Legal, and Human Rights held a press conference with the Anti-Money Laundering Task Force (Satgas TPPU) revealing a suspected case of gold import corruption by the Customs Office, amounting to Rp189 trillion, which is currently under investigation (Purnamasari, 2023).

Institutionally, the connection between corruption and the lead-up to general elections occurs at nearly all levels of government (Figure 3). This situation clearly illustrates that the conduct of general elections, both at the central and local levels, is closely linked to corruption events. Sadly, Faqi, et al (2023) found that the experience of the 2019 election revealed that the majority of voters considered money politics as an integral element of democracy itself. This means that Indonesia's electoral experience in recent years has shown that the normalization, cultural acceptance, and seemingly legalization of money politics have become a paradox within democracy. This clearly contaminates the rationality and quality of Indonesian democracy. Given that, this is a mandate of the 1945 Constitution of Indonesia Article 6A, paragraph 2 and Article 18, paragraphs 3 and 4.

ICW notes that candidates in elections are suspected of engaging in corruption to amass funds for logistics in preparation for the general elections. Candidates and political parties need to gather significant amounts of funds to meet these requirements (Abdussamad, et al 2023); Ibadurrahman 2021; Rumesten, (2014).

The high costs create significant financial pressure on politicians, especially those with limited resources. Furthermore, political candidates require a substantial amount of funding to finance the entire electoral process. ICW (2018) classifies election expenses into two categories, legal and illegal general election costs. Legal cost commonly used, such as
campaign costs, administration costs, advertising expenses in the form of distributing banners or advertisements in the media mindstream, as well as costs related to monitoring election dispute resolutions. Meanwhile, the illegal costs refer to expenditures outside the regulations set during the election phase, such as seeking support from political parties, commonly known as “political contributions,” and the need to fund election witnesses, counting, and supervising votes, typically borne by election candidates. The common stages of the election process include:

1. The process of attracting public attention and political party support to be nominated as a prospective regional head. In this process, prospective candidates widely distribute banners, hold populist events, and even conduct surveys.

2. The process of seeking political party support (nomination and candidacy buying). For regional head elections, political parties are said to have their own prices, depending on the number of seats in the regional legislative council.

3. The Campaign process. The campaign stage is the most expensive phase in general elections. The 2024 general elections will be a busy campaign year.

4. The process of funding witnesses for voting, counting, and escorting votes. Besides the campaign stage, this phase is a costly aspect of general elections. The cost of witnesses generally ranges from IDR 250,000 to IDR 500,000. For example, in the regional head elections in West Java in 2012, the funding requirement for 75,680 polling stations, a pair of candidates in West Java would need IDR 18.92 billion. For a national general election in 2014 with a total of 545,803 polling stations, a pair of presidential candidates would require at least IDR 136.45 billion (ICW, 2018).

5. The process of preparing for and handling disputes. Not all candidate pairs allocate funds for this process.

The five election processes mentioned above indicate that the cost of elections in Indonesia is very high. The financial requirements for general elections, including presidential, legislative, and regional head elections, are presented in Table 1.

Table 1. The Cost Requirements for Executive and Legislative in National and Regional Elections Based on Several Studies

<table>
<thead>
<tr>
<th>Type of Election</th>
<th>Required Cost</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPR Candidate</td>
<td>IDR 1 billion – IDR 2 billion</td>
<td>Prajna Research Indonesia</td>
</tr>
<tr>
<td>Province DPRD Candidate</td>
<td>IDR 500 million – IDR 1 billion</td>
<td></td>
</tr>
<tr>
<td>Regency/City DPRD Candidate</td>
<td>IDR 250 million – IDR 300 million</td>
<td></td>
</tr>
<tr>
<td>DPR Candidate</td>
<td>IDR 750 million – IDR 4 billion</td>
<td>LPEM Universitas Indonesia</td>
</tr>
<tr>
<td>DPRD Candidate</td>
<td>Rp 250 juta – Rp 500 juta</td>
<td></td>
</tr>
<tr>
<td>DPR Candidate</td>
<td>IDR 1 billion – IDR 5 billion</td>
<td>KPK</td>
</tr>
<tr>
<td>Regional Head Candidate</td>
<td>IDR 20 billion – IDR 150 billion</td>
<td></td>
</tr>
<tr>
<td>Regional Head Candidate</td>
<td>IDR 25 billion – IDR 30 billion</td>
<td>Kementerian Dalam Negeri RI</td>
</tr>
<tr>
<td>Presidential and Vice Presidential Candidate</td>
<td>IDR 1 trillion – IDR 7 trillion</td>
<td>Lingkaran Survei Indonesia</td>
</tr>
</tbody>
</table>

Source: Masyukrilla E, 2023

Meanwhile, Mr. Sandiaga Uno, who has experience as a candidate in the 2017 Jakarta Governor Election and also ran as a presidential candidate in 2019, admitted to spending approximately Rp108 billion for the Governor Election across two rounds (Rudi, 2023). For the presidential election, he incurred expenses amounting to Rp1 trillion (Guritno & Setuningsih, 2023), sourced from personal funds and supporters.

The portrait of the excessive cost of politics in Indonesia is evident in the Jakarta gubernatorial election of 2016. According to ICW (2018), the campaign expenses of Anies-Sandi and Ahok-Djarot in the Jakarta gubernatorial election were significantly higher than the campaign costs of Foke-Nara and Jokowi-Ahok in the 2012 election, which also took place in two rounds. Moreover, the campaign expenditure of Agus Yudhoyono-Silvi, who only contested in a first round, exceeded the campaign budget of Foke-Nara in the two rounds of the 2012 Jakarta governor election.
Anies-Sandi’s campaign team, represented by Dimas Adityo, disclosed a budget of Rp65 billion for the first round of the regional elections (Damarjati, 2017). Out of this expenditure, campaign material distribution costs amounted to Rp19.2 billion or 30 percent of the total budget, political safari activities consumed Rp19 billion, face-to-face meetings cost Rp11.7 billion, public meetings Rp6.5 billion, operational expenses Rp2.9 billion, restricted meetings Rp2.3 billion, equipment purchase Rp1.3 billion, media advertisement production Rp615 million, and promotional tools Rp426 million. Meanwhile, Rp20.4 billion was allocated for the political expenses of the second round.

Meanwhile, the campaign team of the Ahok-Jarot pair, Charles Honoris (Damarjati, 2017), stated that the total expenditure for the first round reached Rp54 billion. The distribution of campaign materials to the public accounted for Rp24.5 billion in spending, followed by restricted meeting costs of Rp9.2 billion, face-to-face meeting expenses of Rp7.3 billion, public meeting costs of Rp5.3 billion, and Rp7.7 billion for other operational activities. Meanwhile, Rp28 billion was allocated for political expenses in the second round.

Prior to Indonesia’s general elections, the high expense of politics contributes to widespread corruption, including megacorruption. This raises serious issues with the sustainability of municipal, state, and federal governance. Corrupt activities can lead to governments that create policies that favor a privileged few while ignoring the wellbeing of the general public (Al Faryan and Shil, 2023; Quah, 2009; Ackerman S, 2004). The intertwining of corruption with general elections is undoubtedly a cause for concern for Indonesian democracy and its long-term impact on the quality of governance.

II. Methods

The data used in this research is secondary data. The datasets utilized are time series data covering the period from 2002 to 2023. The secondary data required for this research were obtained from various sources, including the Indonesia’s Corruption Eradication Commission (KPK), Indonesia Corruption Watch (ICW), Transparency International, World Development Indicators, and World Governance Indicators.

The analysis methods used include Exploratory Data Analysis, Vector Error Correction Model (VECM) Analysis, and Comparative Ordinary Least Squares (OLS) Method. In addressing the impact of corruption and projecting the occurrence of corruption shocks on the quality of government services and regulations, the structural equation used is formulated as follows:

Vector Error Correciton Model (VECM) Method

VECM model

\[ \Delta y_t = \mu_0 + \mu_1 + \Delta y_{t-1} + \Gamma \Delta y_{t-1} + \epsilon_t, \quad t = 1, 2, \ldots, i=1 \]

Metode Ordinary Least Square (OLS)

OLS model 1

\[ \text{Political Stability}_t = \beta_0 + \beta_1 \text{Control Of Corruption}_t + \epsilon_t \]

OLS model 2

\[ \text{Government Effectiveness}_t = \beta_0 + \beta_2 \text{Control Of Corruption}_t + \epsilon_t \]

OLS model 3

\[ \text{Regulatory Quality}_t = \beta_0 + \beta_3 \text{Control Of Corruption}_t + \epsilon_t \]

OLS model 4

\[ \text{Rule of Law}_t = \beta_0 + \beta_4 \text{Control Of Corruption}_t + \epsilon_t \]

Description:

Control of Corruption = Control of Corruption. (INDEX) with values on scale of -2.5 to 2.5 for country i in year t.

Table 2. The Cost Requirements for Regional Elections in DKI Jakarta Province

<table>
<thead>
<tr>
<th>Election Period</th>
<th>Candidate</th>
<th>Political cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Foke-Nara</td>
<td>IDR 62.6 billion</td>
<td>Without regional budget subsidies (APBD)</td>
</tr>
<tr>
<td>2012</td>
<td>Jokowi-Ahok</td>
<td>IDR 16.1 billion</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Anies-Sandi</td>
<td>IDR 85.4 billion</td>
<td>With regional budget subsidies (APBD)</td>
</tr>
<tr>
<td>2017</td>
<td>Ahok Djarot</td>
<td>IDR 82.6 billion</td>
<td></td>
</tr>
</tbody>
</table>

Source: ICW, 2018
### III. Results and Discussion

#### A. Record Corruption Enforcement Cases Always Resolved Prior to General Elections in Indonesia.

The phenomenon of the emergence of mega-corruption and the breaking of records in the enforcement of corruption cases just before political events is a dark stain on Indonesia's democracy. Corruption remains deeply ingrained in Indonesia's democracy, both at the central level (executive and legislative) and at the regional level.

According to Indonesia Corruption Watch (ICW, 2022), from 2007 to 2009, there was a mega corruption phenomenon involving the Bank Century case, which resulted in state losses of Rp6.76 trillion, as well as corruption involving businessman Surya Darmadi in the land encroachment case in Riau, causing state losses of Rp39.7 trillion. Meanwhile, from 2012 to 2014, there was the mega corruption phenomenon related to the E-KTP involving several leaders of the House of Representatives and politicians, resulting in state losses of Rp2.3 trillion.

Meanwhile, leading up to the 2024 general elections, various major mega-corruption cases have surfaced, such as the corruption in PT Trans-Pacific Petrochemical Indotama (TPPI), causing state losses of Rp37.8 trillion (Humas Polri, 2020), the ASABRI corruption case with state losses of Rp22.7 trillion and the Jiwasraya corruption case with state losses of Rp12.4 trillion (ICW, 2023); and the 4G BTS project corruption case involving the Minister of Communication and Information Technology with state losses of Rp8 trillion (BPKP, 2023).

Corruption cases consistently permeate all political contests in Indonesia, including presidential and vice-presidential elections, legislative elections, regional elections, and even elections at the village level. (Azwar and Subekan, 2022; Turmudi, 2022; Habibi, and Nurmandi, 2021; Laode and Faisal 2019).

<table>
<thead>
<tr>
<th>Political Stability</th>
<th>= Political Stability and Absence of Violence/Terrorism. (INDEX) with values on scale of -2.5 to 2.5 for country i in year t.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Effectiveness</td>
<td>= Government Effectiveness. (INDEX) with values on scale of -2.5 to 2.5 for country i in year t.</td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>= Regulatory Quality. (INDEX) with values on scale of -2.5 to 2.5 for country i in year t.</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>= Rule of Law. (INDEX) with values on scale of -2.5 to 2.5 for country i in year t.</td>
</tr>
<tr>
<td>Δyt</td>
<td>= Institutional Quality Variables include, Control of Corruption, Political Stability, Government Effectiveness, Regulatory Quality, and Rule of Law.</td>
</tr>
<tr>
<td>µ0x</td>
<td>= Intercept vector.</td>
</tr>
<tr>
<td>µ1x</td>
<td>= Regression coefficient vector.</td>
</tr>
<tr>
<td>Πx</td>
<td>= αx β’ where β’contains the long term cointegration equation.</td>
</tr>
<tr>
<td>yt-1</td>
<td>= In-level variable.</td>
</tr>
<tr>
<td>Γix</td>
<td>= Regression coefficient matrix.</td>
</tr>
<tr>
<td>k-i</td>
<td>= Ordo of VECM from VAR model.</td>
</tr>
<tr>
<td>β0</td>
<td>= Intercept.</td>
</tr>
<tr>
<td>β1,..., β5</td>
<td>= Slope.</td>
</tr>
<tr>
<td>t</td>
<td>= Time period.</td>
</tr>
<tr>
<td>ε</td>
<td>= Error term.</td>
</tr>
</tbody>
</table>
Based on the scale of the elections, Amick, et al (2022) have identified a significant corruption phenomenon following the presidential election cycles in developing countries. Johnson, (2015) also found that corruption within the ruling presidential government circle often employs state-owned enterprises as instruments to amass political resources. These findings align with those of Haman (2019), who documented corruption events involving the president of Colombia and business figures. Consequently, presidential elections become highly susceptible to various corruption cases, given the substantial political costs involved.

The pattern of increased corruption cases within government ministries/agencies (K/L) and state-owned enterprises (BUMN) has seen a highly significant surge in the two years leading up to presidential elections. Not all corruption cases in ministries and institutions are necessarily tied to electoral or general election motives. However, court verdicts in various corruption cases have revealed instances of corrupt funds being channeled into political parties, implicating several party members. For instance, according to ICW (2011), in the 2014 election phase, the Hambalang corruption case implicated Andi Mallarangeng, who was the Minister of Youth and Sports then. Trial proceedings revealed a contribution of Rp 13 billion to the Democratic Party from the corruption proceeds, intended to finance the logistics of the 2014 election.

The grim picture of corruption cases leading up to general elections is not limited to the presidential contests but also extends to the regional level, encompassing both provinces and regencies/cities. In the run-up to the 2009 general election, corruption prosecutions involving local governments became prominent. In the 2019 general election, corruption cases saw a drastic rise. In 2018, corruption prosecutions at the regency/city government level reached 114 cases, while at the provincial government level, there were 29 cases.

Local elections in Indonesia have become notorious for corruption, often leading to the establishment of political dynasties (Riewanto, 2020; Ashsyarofi, 2021; Dalilah, et al. 2019). Corruption incidents during regional elections are frequently linked to election organizers who may receive bribes from candidates (Budiman, 2020; Hayati and Noor, 2020).
In addition to the increasing trend of corruption cases at both the central and regional executive levels, a picture of corruption leading up to legislative elections is also evident in the emergence of corruption cases involving legislative members in Indonesia in the two years preceding Legislative Elections. Legislators often engage in corrupt practices with the motive of accumulating campaign funds for their future candidacies and contributing to their political parties, Muhtadi, (2019); Blechinger, (2002); Martin, et al. (2023). The pervasive nature of political corruption that ensnares public officials often implicates political parties, whether they like it or not, as the most responsible parties. Political parties have been identified as among the most corrupt institutions in the world, Transparency International (2004); Walecki (2006).

In Indonesia, political parties serve as vehicles for those seeking leadership positions, ranging from mayor, regent, council members, governor, to president. When dissected, the factors contributing to political corruption include several elements, namely the high cost of politics, the scarcity of integrity-based cadres, and cadres acting as party agents burdened by ‘party membership fees’. This is in line with the findings from Perludem (2021), where party membership fees serve as one of the sources of funding for political parties in Indonesia. Typically, there is an agreement between party members and political parties to share the income, with varying percentage amounts among different political parties.

Furthermore, there is a fundamental issue with regulations that actually open up opportunities for the creation of increased high political costs. One of the causes of the high costs of general elections and regional head elections in Indonesia is the addition of “legalized” expenditure items through UU No. 10 of 2016 on Regional Head Elections and UU No. 7 of 2017 on General Elections (Table 3).

### Table 3. Regulations Potentially Leading to High Costs of General Elections

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Provisions</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 74, paragraph 5 of the UU No. 10 of 2016 on Regional Head Election</td>
<td>Campaign fund contributions from individuals are limited to a maximum of IDR 75 million, while contributions from private legal entities are capped at a maximum of IDR 750 million.</td>
<td>The contribution limits have increased from the previous amounts, with individual contributions now capped at a maximum of IDR 50 million and private legal entities limited to a maximum of IDR 350 million.</td>
</tr>
<tr>
<td>Article 327 and 331 of the UU No. 7 of 2017 on General Election</td>
<td>Campaign fund contributions from individuals are limited to a maximum of IDR 2.5 billion, while contributions from private legal entities are capped at a maximum of IDR 25 billion.</td>
<td>The contribution limits have increased from the previous amounts. For the Presidential Election, individual contributions are now capped at a maximum of IDR 1 billion, and private legal entities are limited to a maximum of IDR 5 billion. Meanwhile, for the Legislative Election, private legal entities can contribute up to a maximum of IDR 7.5 billion.</td>
</tr>
</tbody>
</table>

Candidates and their teams are allowed to produce merchandise such as t-shirts, hats, mugs, calendars, business cards, pins, ballpoint pens, umbrellas, and/or stickers, with the maximum value not exceeding IDR 25,000 when converted into monetary terms. Previously, there were no regulations on this matter. This posed a risk of potential vote-buying, especially if the value exceeded IDR 25,000 and went unchecked by the organizers.

In the event that a campaign is conducted in the form of a competition, candidates are allowed to provide prizes in the form of goods with a maximum value of IDR 25,000 when converted into monetary terms. Previously, there were no regulations on this matter. This situation could be ambiguous and prone to practices associated with vote-buying.

Source: ICW, 2018

In the upcoming general elections, specifically in 2024 and 2029, ICW (2022) has noted several dominant and emerging modes of corruption, including the manipulation of stocks and the exploitation of the capital market. The new modes identified by ICW (2022) appear...
to align with reports released by the PPATK (Financial Transaction Reports and Analysis Center), which found 1,215 suspicious financial transaction reports totaling Rp183.8 trillion in 2022. Of this amount, more than Rp81.3 trillion is suspected to be derived from corrupt activities. These corruption modes are expected to become more prevalent in the 2024 general elections.

B. The Impact and Projection of the Occurrence of Corruption Shock on Government Service Quality and Regulation

The phenomenon of the emergence of corruption cases leading up to general elections in Indonesia has become a deeply concerning issue for the sustainability of government at both the executive and legislative levels, as well as at the regional level. Governments resulting from corrupt processes have the potential to formulate policies that prioritize the interests of a select few without considering the broader interests of the people, Al-Faryan, and Shi (2023); Quah, (2009); Ackerman, (2004).

To assess the impact of corruption on government service quality and regulation, several indicators issued by the World Bank regarding the governance quality of a country, known as the World Governance Indicators (WGI), were used. Corruption in Indonesia will be represented by the variable 'Control of Corruption.' The Control of Corruption index measures the perception of corruption, where corruption is defined as the misuse of public power for personal gain. Corruption in this context is attributed to the low level of compliance among government officials and the private sector with state institutions. Public perception of this index is often characterized by the prosecution of corruption by authorized state institutions.

Meanwhile, the variables representing government service quality and regulation are depicted by ‘Government Effectiveness,’ ‘Political Stability and Absence of Violence/Terrorism,’ ‘Regulatory Quality,’ and ‘Rule of Law.

Table 4. The Estimated Impact of Corruption Control on Government Service Quality and Regulation

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Political Stability</td>
</tr>
<tr>
<td>Constanta</td>
<td>0.27</td>
</tr>
<tr>
<td>Control of Corruption</td>
<td>1.81**</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.67</td>
</tr>
<tr>
<td>Prob. F statistic</td>
<td>0.00</td>
</tr>
<tr>
<td>Jarque Bera Test</td>
<td>0.67</td>
</tr>
<tr>
<td>LM Test</td>
<td>0.14</td>
</tr>
<tr>
<td>Breusch Pagan-Godfrey</td>
<td>0.12</td>
</tr>
</tbody>
</table>

Source: Author’s analysis result.
Note: **Significant at a 95 percent confidence level; Jarque Bera Test: Tests data normality; LM Test: Tests for Autocorrelation issues; Breusch Pagan Test: Tests for Heteroskedasticity issues.

The results of the regression analysis on the impact of corruption on government service quality and regulation indicate that all the equation models have high explanatory power. This can be observed from the coefficient of determination (R-squared) values, which are all above 50 percent. This means that more than 50 percent of the variation in the equation models can be explained by the influence of Control of Corruption.

In general, the regression analysis results show that Control of Corruption has a significant impact on all the variables of government service quality and regulation. This indicates that corruption is a crucial factor determining the performance of government, Rubasundram and Rasiah, (2019); UKaid, (2015); Tarling, (2005). The discussion of the impact and projection of the occurrence of the control of corruption shock on the five governance indicators is as follows:

1. The Discussion on the Impact and Projection of the Occurrence of the Control of Corruption Shock on Political Stability

Control of Corruption significantly influences political stability. An increase of 1 point in the Control of Corruption index will lead to a 1.81-point increase in the Political Stability index (Table 4). The Political Stability Index measures the perception of the likelihood of the government
being overthrown through unconstitutional means or violence. This indicates that government control over corruption enhances political stability in a country. Instances of corruption often lead to various protests by the public, questioning the government’s credibility. This is a common occurrence in Indonesia, where corruption cases frequently result in widespread demonstrations across different segments of society. These findings align with previous research, Shabbir, et al. (2016); Handoyo and Fitriyah, (2018); Farzanegan and Witthuhn, (2017).

In the context of political corruption leading up to the 2024 general elections, if corrupt practices persist, it has the potential to erode public trust in the election outcomes. We witnessed a similar situation during the 2019 general elections, where massive demonstrations occurred in response to the election results. Political corruption in the run-up to elections can pose a threat to national political stability. (Fredriksson and Svensson, 2002).

![Figure 8. IRF: Response of Political Stability to Control of Corruption Shock on Government Effectiveness](image)

This impact is evident in the response of the Political Stability index to the shock of Control of Corruption in the first and second years following the shock, where Political Stability shows a negative response. Subsequently, in the third year, the response turns positive and continues to rise until the fifth year. From the sixth to the eighth year, the Political Stability Index responds negatively once again. However, beyond that period, extending up to twenty years, the Political Stability index gradually returns to a positive trajectory and approaches a state of normalcy.

In essence, increased corruption leading up to elections can significantly impact public trust in the elected government. The public may associate the elected government with corruption. This label will persist for eight years or two leadership terms and will only begin to fade during the final two years of the government’s tenure, during the post-term period.

2. The Discussion on the Impact and Projection of the Occurrence of the Control of Corruption Shock on Government Effectiveness

Control of Corruption significantly influences Government Effectiveness. An increase of 1 point in the Control of Corruption index will lead to a 1.03-point increase in the Government Effectiveness index (Table 4). The Government Effectiveness Index measures the quality of public service regulation, bureaucratic quality, the competence of public service human resources, and the level of independence of government personnel from political pressure.

Based on the regression results, it is evident that the better the government’s control of corruption, the more positive the impact on the creation of high-quality public regulations, improved bureaucratic quality, and increased competence of government personnel in serving the public. These findings are consistent with previous research, Chen and Aklikokou, (2018); Lustrilanang, and Suwanno, (2022); Akinbode, et al. (2020); Kutlu and Mau, (2023).
The magnitude of the impact of the phenomenon of corruption shocks occurring in the lead-up to general elections on Government Effectiveness, as revealed by the VECM analysis, indicates that the response of Government Effectiveness to fluctuations in Control of Corruption over 20 years is predominantly positive, albeit with fluctuations.

In the second year, the response of Government Effectiveness to the shock caused by an increase in the Control of Corruption index reaches its peak. During this second year, a 1-point increase in the Control of Corruption index led to a 0.06-point increase in the Government Effectiveness index. From the second year to the sixth year, the impact of the Control of Corruption shock gradually diminishes. Beyond the sixth year and up to the twentieth year, the impact continues to fluctuate.

This situation suggests that it may take more than 20 years for the Government Effectiveness Index to return to a balanced state due to the sustained impact of fluctuations in the Control of Corruption in Indonesia. This, of course, poses a significant threat to the quality of public services that the elected government will provide to the population.

Hence, community involvement is crucial in monitoring and expressing public perspectives, both individually and through scientific organizations, to consistently advocate for the importance of public leadership with specific standards like leadership skills, transparency, accountability, government efficiency, citizen participation, technological innovation, political will, the rule of law, etc (Quah, 2022). This goes beyond mere seat distribution among supporting parties, aiming to minimize potential declines in government effectiveness in managing public offices.

3. The Discussion on the Impact and Projection of the Occurrence of the Control of Corruption Shock on Regulatory Quality

Control of Corruption significantly influences Regulatory Quality. An increase of 1 point in the Control of Corruption index will result in a 0.93-point increase in the Regulatory Quality index (Table 4). The Regulatory Quality index measures perceptions regarding the quality of regulations or legislation created by the government, encompassing regulations related to law, politics, economics, and social matters. Corruption clearly has a profound impact on the direction of government policies, often with corrupt officials manipulating regulations to pursue rent-seeking activities for their personal or group interests. These results align with previous research findings, Taylor, et al. (2022); Triantoro, et al. (2022); Ojeka, et al. (2019).

Leading up to the 2024 general elections, where it is projected that corruption cases will still be prevalent, it is crucial for the public to be vigilant. People need to carefully select leaders who are free from corrupt practices because this will impact the quality of policies that those leaders will formulate.
Furthermore, the magnitude of the impact of the phenomenon of corruption shocks occurring in the lead-up to general elections on Regulatory Quality, as revealed by the VECM analysis, indicates that an increase in the control of corruption has a positive effect on the quality of regulations produced. This is evident from the positive response of the Regulatory Quality index over the next 20 years due to the government's efforts to enhance Control of Corruption.

From the second year up to the twentieth year, the shock of Control of Corruption will have a positive impact on the quality of regulations in Indonesia, with an increase of approximately 0.03 to 0.05 points in Regulatory Quality. Furthermore, the effects of enforcing anti-corruption measures on the improvement of regulatory quality in Indonesia will be felt for more than twenty years to come. This condition underscores that combating corruption is the foremost and most effective way to establish good government regulatory quality in Indonesia.

4. The Discussion on the Impact and Projection of the Occurrence of the Control of Corruption Shock on Rule of Law

Control of Corruption significantly influences the Rule of Law. An increase of 1 point in the Control of Corruption index will result in a 0.69-point increase in the Rule of Law index (Table 4). The Rule of Law index measures the level of trust and expectations regarding the enforcement of various legal rules within society. These findings indicate that corrupt governance is at risk of manipulating the law to tailor legal outcomes to their desires and interests. These findings align with those of Mirzazadeh, (2022).

Furthermore, the phenomenon of corruption shocks occurring in the lead-up to general elections has a negative impact on the Rule of Law, indicating that the response of the Rule of Law to the shock of Control of Corruption in Indonesia is negative. Based on analysis results, over the next twenty years, the response of the Rule of Law to the shock of Control of Corruption in Indonesia remains negative, and even after twenty years, the Rule of Law index in Indonesia does not return to a balanced state. These findings are in line with research results (Laode & Faisal, 2019). It is well documented that corruption can slow economic development, contribute to government instability, violate human rights, create the occurrence of other crimes, undermine democratic institutions, pervert rule of law, reduces the quality of life and sustainable development, and it hurts the poor first.

The public still believes that those involved in corruption cases can manipulate the legal system in Indonesia to receive lenient sentences. It is not uncommon to see individuals involved in corruption cases receiving special treatment while in detention, even obtaining comprehensive detention facilities. This contrasts with individuals involved in less serious crimes who often face more severe penalties than corrupt individuals. Several cases, such as the detentions of Gayus Tambunan, Setya Novanto, Nazarudin, and others, have seen these individuals freely roaming outside of detention facilities and being inadvertently spotted by the public.

Based on the results of the Ordinary Least Square and VECM analyses above, it can be concluded that corruption plays a significant role in shaping the quality of governance. The presence of corruption leading up to general elections in Indonesia is an early sign of the potential decline in the quality of government services and regulations in the future. Moreover, the effects of political corruption will be felt for several years to come, at least during two electoral cycles, namely the 2024 general elections and the 2029 general elections.

IV. Conclusion

Based on the results of empirical analysis, it can be concluded that the democratic process in Indonesia is still strongly associated with the
prevalence of corruption phenomena, ranging from regular corruption to mega corruption, both at the central level (executive and legislative) and at the regional level (elections for regional heads and regional legislative councils). The pattern of corruption and mega corruption cases is expected to persist as the general elections approach in 2024 and 2029, due to the absence of significant changes in the regulations governing general elections and regional leadership elections in Indonesia. Empirically, political corruption has the potential to degrade government service quality and regulations. Simulation results suggest that the impact of pre-election corruption on the quality of the elected government will persist for more than two decades. Finally, the researchers emphasize the importance of reforming general elections and the corruption enforcement system in Indonesia. The correlation between corruption and general elections in Indonesia is expected to result in poor governance, with long-term implications for societal well-being.

The recommendations based on the findings of this research are as follows:

1. Strengthening Law Enforcement Institutions: Enhance the independence and capacity of law enforcement institutions such as the Indonesia Corruption Eradication Commission (KPK), the police, and the attorney general's office in investigating, prosecuting, and adjudicating corruption cases.

2. Reforming the Electoral System: Consider reforms in the general election system, including open elections, and explore options for subsidizing election logistics funding to identify and address potential vulnerabilities to corruption.

3. Revising the regulations on general and regional elections, especially in the article regarding campaign finance contributions. This revision aims to reduce opportunities for candidates to receive and spend larger amounts of political capital, either by raising the contribution limits or by legalizing the provision of items that could be misused for the practice of money politics.

References


