

Reconceptualising Political Corruption in Democratising Societies

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Abstract

Much has been studied about political corruption and its implications for political development. Two perspectives, namely political and political economy, seem to dominate these studies. Both perspectives have provided useful analysis on the causes and impacts of political corruption, but they seem to have neglected the complex institutional contexts of the rise of political corruption in democratising societies. By employing the perspective of organisational institutionalism, this paper explores ways in which complex institutional networks play a pivotal role in bringing about political corruption. This study uses two types of qualitative approaches. The first is a literature study, surveying published academic journal articles and books that are concerned with issues of political corruption; and the second uses unpublished raw data from case studies of political corruption in Indonesia. By using Indonesia as a case in point, this paper shows that the rise and growth of political corruption lies in the complex interplay of interactions among dominant institutions and organisations, including state-owned enterprises, parliaments, and political parties. The curbing of political corruption in any democratising society will depend on the existence of a powerful agency of corruption eradication. Equipped with a powerful authority, as Indonesia has shown, such an agency is capable of bringing corrupt politicians, bureaucrats, and business people before corruption courts. In Indonesia, the Corruption Eradication Commission is a strategic agency able to transform a corrupt state into legal-rational state.

Keywords: democratic transition, Indonesia, organisational institutionalism, political corruption

1. Introduction

Studies on political corruption are as old as studies on the state. Political corruption is inextricably linked to state arrangements because it involves misuse of public property, which is related to power vested in the state. Different views on interactions among the state, political groups, and institutions have given birth to different perspectives of how power is abused. With the current global domination of democracy, social scientists are challenged to prove that democracy is not an ideal political system; that democracy opens up possible avenues for the emergence of a variety of types of corruption.

This article seeks to offer a new perspective, that of organisational institutionalism; a perspective that better explains complex occurrences of political corruption in democratising societies. This is in contrast to the seemingly partial current conceptualisation of political corruption that focuses only on certain aspects of political institutions such as parliaments, political parties, and the state bureaucracy. The author defines political corruption as the abuse of public office for the purpose of accumulating power. This definition is used to assess how recent academic publications confuse political corruption as means of accumulation of power and as means to achieve other purposes.

2. Methodology

This study uses two types of qualitative approaches, the first is a literature study, surveying published academic journal articles and books that discuss issues related to political corruption. The second uses unpublished raw data from case studies of political corruption in Indonesia, prepared by senior sociologists who were commissioned by Partnership for Governance Reform, an Indonesian non government organisation. The purpose of using these raw data is to provide insight into the institutional networks of political corruption occurring in Indonesia since this country embraced political democracy in 1998.

The second part of this article focuses on developing a map of studies on political corruption, and reviews their strengths and weaknesses. The third part provides and discusses empirical data on political corruption in

Indonesia. The fourth and final part establishes a perspective of organisational institutionalism as a tool of analysis to study political corruption in democratising societies.

3. Map of Political Corruption Studies

Studies on political corruption cover a variety of areas. Conventional studies focus on the abuses that occur in political institutions such as political parties, election commissions, development agencies, and parliaments. Most efforts have been focused on the election commission, because it is the first crucial point of power in an emerging democratic political system. It is the only tool of legitimacy available in democratic system for choosing political leaders. Even though the political infrastructure has been established, in most transitional democracies it is a challenge for election commissions to function effectively and responsibly. Budget constraints and lack of human resource capacity are major restraints to the commission playing a vital role in conducting fair and free general elections. Other problems facing the commission range from registration of voters and allocation of ballot boxes to the mechanism of surveillance of the casting of votes (Kselman, 2011).

The most daunting problems faced by democratising societies relate to money politicking by political parties. This takes different forms, ranging from unreported donations from third parties and bribing of voters by parliamentary candidates, to outright electoral sabotage. In contrast to an authoritarian political system, in a democratic system, political parties occupy a strategic position as a tool of bargaining power in the distribution of power and access to public resources. Empirically speaking, however, political parties in democratising societies tend to commit corruption by abusing public funds and selling voters' trust to achieve different goals.

Moreover, political party corruption occurs as a result of political decentralisation and feeble control by central government. Heidenheimer (2007) classifies a number of channels of corruption committed by political parties. These channels include influence in the allocation of public infrastructure development projects (crossing institutional borders), weak control of political institutions, hidden leakage (targeted camouflage seepage), and extension of mass support (subterranean channels).

However, while the above explanation may classify corruption by political parties, Heidenheimer and many other social scientists fail to discuss political parties as conceptual issues. Political parties are understood only as political entities that function in a similar way in every democratic country. They seem to be viewed as political entities with no historical or contextual connections (Heidenheimer and Johnston, 2007). In other words, social scientists neglect to pay attention to how historical and political contexts affect the behavior of political parties. As recognised by Pujuas and Rhodes (2007), there are various types of political context that influence the corruption committed by political parties: relations between the parties and the state; the effectiveness of checks and balances, norms and regulations of economic and financial behaviour; and the type of regulations over party funds in a particular country.

Unlike many other social scientists, Johnston and Warren discuss corruption in terms of the empirical condition of political systems in transitional democracies. Johnston proposes looking at corruption that affects democratisation from the perspective of the reciprocal relationship between corruption and formation of the political system. Although almost all countries claim that sovereignty comes from the people, most difficult is achieving democratic consolidation, in which political leaders and the main political players expand the basis of social support, prove the effectiveness of their work, and uphold the rules of the game for managing interests (Johnston, 2005).

Johnston argues that the consolidation process will be disrupted by corruption if there is an imbalance in power and wealth. If the political interests of the elites in political institutions are not autonomous, they will be influenced by other political groups outside the state. On the other hand, if the state is too strong, state actors will create economic dependency. Quoting Dennis Thomson, Johnston states that healthy political processes occur when freely elected representatives discuss important issues openly and are accountable to their constituents. Political corruption damages society not only because it distorts the general good, but also because disregards public representation and debate (Johnston, 1995).

Warren (2005) is a sociologist who discusses the emergence of corruption from four democratic institutions: decentralisation, civil society organisations, voting in general elections, and monitoring and evaluation mechanisms. The emergence of corruption in democratic institutions is actually the result of lack of control of interests, technocratic incapacity, economic dependency, and social norms. Decentralisation frequently leads to a loss of "universal" control and politics at the local level are easily controlled by the dominant power at the local level. Warren reiterates that there is a network of interests among civil society organisations which means that some of these organisations do not represent the public interest. Control by the people through general elections generally does not work because of the balance of power and adequate information to control it. Public

participation in monitoring development is often difficult because of technocratic issues surrounding monitoring within and outside organisations. The latter is frequently forgotten in transitional democracies, which causes frustration. In democracies, inclusion is undoubtedly a principle, but the mechanisms to support it give rise to weaknesses; a situation referred to as "duplicitous exclusion" (Warren, 2005).

Thus, corruption in democracies is common in the transitional context. Democracy opens up new, broader opportunities for more societal groups. But even in a democratic system it does not automatically follow that there is institutionalisation of accountability mechanisms. Several social scientists note the speed with which old and new players dominate the formal system by using new beginnings as a tool to gain new legitimacy, but then creating a network of control of public resources ruled by the state to finance money politicking (Moran, 2001). With control of the regions and public resources, there is now opportunity for pro-democracy groups to institutionalise democracy. Previously weak and corrupt state agencies become the machine that rekindles corruption (Harris-White & White, 1996).

There has been much discussion of corruption and development since the publication of Gunnar Myrdal's book in 1968. Discussion has focused on the impact of state bureaucratic control over distortion of market growth. The focus of discussion up until the 1990s was on the weaknesses of bureaucracies. The bureaucracies of developing countries were regarded as incompetent and used modern organisational frameworks in development planning. Like Myrdal, social scientists emphasised the need for human resource development in the bureaucracy and for ordinary people. Thus, corruption was seen in a broad perspective, i.e. that corruption came hand in hand with socio-economic underdevelopment. But corruption can also be seen from the micro perspective, that is, using a behaviouralism approach, in which the characteristics of its management structure are not a focus.

'Governance' became the focus of discussion of corruption in the 1990s, when the World Bank introduced a development model based on the governance perspective. From the 1990s, multilateral financial institutions began seeing a link between the allocation of economic resources by government and the role of market actors and civil society organisations. These institutions concluded that the mechanism for allocation of resources needed: a) public accountability; b) transparent transactions; and c) efficient management of public funds. Thus, the focus of these institutions was the efficient and accountable allocation of resources. However, the World Bank (1992) in an official statement denied taking the politics of a particular country into consideration in its decisions, except where these political conditions had a clear impact on economic performance. In fact, this exception was not set in stone and was established only through negotiations between the World Bank and the country concerned (Ganie-Rochman, 1999). The same is true of other bilateral and international development agencies.

This negotiation process is necessary because of the sensitivity surrounding autonomy in dealing with a country's internal affairs, and also concerning the interests of the elite who do not want to change the status quo. Good governance has four dimensions: the required political conditions, active donor evaluation, focus on "good" policy, and an anti-corruption agenda (Marquette, 2003). Although the World Bank avoids getting involved in politics, it has developed anti-corruption programs, such as strengthening civil society participation, bureaucratic reform, legal reform, accountability of public funds, and budgetary discipline (Marquette, 2003). From the political perspective, good governance focuses on the legitimate use of power. Politics is a procedure in which control lies in the systems that allow public participation. Corruption happens because of poor governance as a system.

In the 1990s, political economic perspectives of corruption developed. Corruption was placed in the context of the connection between political and economic interests and their implications. Foremost here was Johnston's perspective, which saw political and economic opportunism as the source of corruption. State organisations and institutions, particularly those institutions concerned with politics and development, were used to produce policies that benefited certain groups. Transitional democracies were also breeding grounds for corruption, because their weak political and economic institutions allowed for the growth of illegal practices, which in many cases became organised and protected by force (Johnston, 1999).

Johnston went a step further than other social scientists by including the public as a passive tool of corruption. The political condition relates to the space to compete for political positions and access to policy making positions. The economic condition refers to the level of access to economic resources for different society groups; for example, do they tend to be controlled by the few, or are they accessible to many economic groups? Weak political institutions are weak at articulating and managing interests accountably; meaning they are easily manipulated for private interests. This bringing of pressure to bear by dominant groups through public officials provides plenty of space for profiteering. Meanwhile, excessive control makes other societal groups dependent.

These strengths and weaknesses result from having a variety of actors in the political and economic sectors. As an example, where there is competition between elites in the context of an unaccountable political system, an oligarchy will result (Johnston, 2005). Achwan (2013) goes one step further by showing that oligarchy makes excluded economic groups become dependent on it and they unable to influence the direction of state policy.

4. Primary Concepts and Issues of Corruption

The political perspective introduces four main concepts to the study of political corruption. *First*, are the political actors, including public officials, politicians and foreign actors that have financial power and try to influence public policy. These actors use political instruments to achieve their goals. Several social scientists expand the area of interaction that fosters corruption by looking at the direct and indirect involvement of members of the public, for example civil society organisations or members of patronage networks. The actors behave according to the degree of power they hold.

The political economy perspective differs because it includes economic and political networks in which corruption occurs. The good governance perspective focuses on the importance of good governance and ignores the role of agencies. *Second*, is principal-agent. This concept looks at the relationship between actors that have the right to regulate others (agents) indirectly (the people and stakeholders) or directly (managers within the organisation). The extent to which the agent obeys the wishes of the principal depends on the principal's ability to control the agent. The extent to which the agent obeys also depends on the risks involved and the potential profits.

Third, are political institutions. Political institutions are institutions that manage differences in interests, set the ground rules, and manage the articulation of interests. Political institutions are vulnerable to domination, imbalance, and injustice. *Fourth*, are civil society organisations. In keeping with the concept of democracy, social scientists perceive that the tendencies and strengths of civil society organisations in terms of preventing various forms of corruption.

Two issues seem to dominate studies on political corruption. The first is principal-agent. The principal is the party that orders the agent to do what it wants. There are two categories of principal: the management or heads of public body, and the "public" as the holders of sovereignty. Each category faces difficulties monitoring the agents to ensure that they do their jobs for them. Uncontrolled, agents can use public organisations or resources for their own interests (Warren, 2005).

The second is legality. Law is a common political tool, used in two main ways. First, actors use the law to secure their interests, including to eliminate political opponents and control pro-democracy movements. Here, it is the substance of the law that is manipulated (Nujten & Anders, 2007). Second, the law is accessible only to the elites, despite the principle of "equality before the law". The law, and its pillars of law enforcement, are often weak and even corrupted, allowing influential actors to use it for their own interests.

Corruption is not just breaching formal rules. Corruption can take the form of manipulation of formal positions by collaborating with illegal networks. Public officials, particularly law enforcers, have the information and authority to interpret, make decisions, and take formal action. This capacity is used to assist illegal activities. These actors look for holes in formal rules from which they can profit (Aspinall & Klinken, 2010). With the knowledge of the law that they have, actors make new, informal ground rules using organisations that appear formal and legal. This will be familiar to adherents of the institutional change theory (Streeck & Thelen, 2005). This amalgamation of interests makes formal, legal punishment of corruption difficult.

5. Weaknesses of the Political and Political Economy Perspectives

The political perspective is useful for analysing political corruption. Because this perspective explains the mechanisms of the corrupt use of power, inequality of power, transformation and ramifications of power from one form to another. However, looking at corruption in terms of its material forms and impacts is not enough. Behind the corrupt practices of actors lies power that opens up space and creates new ground rules that other actors do not have access to. Thus, the loss resulting from corruption can be seen in terms of social relations, not just material loss.

The political economy perspective introduces the relationship between interests in different spheres. Corruption is not seen simply as pressure to bear by a group of dominant actors. But this perspective fails to take into account the use of legitimacy in relations between the dominating and dominated parties. Legitimacy is portrayed as manipulation of legitimacy. The interaction between formal political institutions and community organisations (other than strong business groups) is not taken into account; in other words, it focuses too much on the aspect of control, when in fact social relations between corrupt officials or parties and particular

community groups existed before the corruption began. Corrupt practices often emerge because there are new opportunities, such as new institutions like an election institution, which are official mechanisms of public office.

Recently, there has been a narrowing in the political economy perspective that limits the arena of interaction to governancy. Governancy focuses more on development-related agencies and how to build a system of accountable and efficient allocation of resources. Non government organisations, such as business groups and community-based organisations, are portrayed as having the necessary capacities to engage in a system. The arena of interaction is thus limited in terms of actors and the patterns of interaction. The governancy perspective fails to take into account the complexity of social relations and their contradictory and informal norms.

6. Corruption in Democracy

Political corruption is defined as the misuse of public resources to strengthen positions in the power of state institutions. Public resources may be money, authority, networks or mass power. What is the difference between political corruption and bureaucratic corruption? In practice, there are similarities between the two. The difference is that the political positions targeted and used are positions that are contested either formally and informally.

In modern society, these positions take the form of government bureaucrats, members of parliament, and other contested positions, in as much as they concern control of public resources. Actors attempt to take up these positions for many reasons. These include status and privilege, the opportunity to make broader changes in society, protection of oneself and one's group, or simply to make use of the resources available to them. Political positions can be elevated by building lobby and networks in parliament.

To see what forms and process of political corruption exist, we have place them within the existing political system. In this way, we can analyse the ground rules for achieving particular political positions and how power is used. To get a better understanding of political corruption, writers need to discuss the definition of democracy. According to Huntington (1991), there are three basic definitions of democracy: (a) democracy as the basis for authority; (b) democracy as an end; (c) democracy as the type of relations between the state and citizens.

The principle of democracy is one of sovereignty being in the hands of the people. However, it is the mechanisms for adopting this principle that are problematic, as some could encourage political corruption. Authority granted by the people must be reflected in the general election mechanism. The contest between candidates must be open and fair. Political corruption happens when there are acts that distort the principle of fair elections, such as covert use or misuse of funds and vote buying. Other forms of political corruption include manipulation of voter data, veiled threats, and lying about the credentials of candidates.

In his article on corruption in democracies, Warren (2004) looks at voter deception. Voters depend on the capacity of the public sphere and the mechanisms of accountability of state institutions as the basis for deciding who they will vote for. Johnston (2005) looks at the question of representation from the extent of the political and economic opportunities of voters. This will be determined, among other things, by the level of dependency of voters. Manipulation can happen if the political elite control the economic sphere or political sphere, or both. Why is representation not the most substantial problem of a democracy? One should remember that the world's democracies have different decision making processes. The main principle of democracy is having the best possible system of making public officials accountable. Public influence, through general elections, is seldom sufficient to control politicians.

If society wants to build a good democratic system, the state must take measures to strengthen the instruments of democracy. Because government fails to strengthen the instruments of accountability of public institutions, democracy often suffers fits and starts, which ultimately have a negative impact on people's welfare. In the 1990s, the government was expected to honour the people's mandate for social and economic development. The government has developed mechanisms to meet the demands for democracy, to "represent the interests of the people".

In a democratic country, the diverse interests of the people are captured using various mechanisms, such as corporatism and inclusive public policy. In the 1990s, the theory of deliberated democracy developed. This theory emerged as a backlash to elite and state domination in development planning. The emergence of this theory brought changes to perspectives about political corruption. If government manipulated civil society empowerment programs or in development, neglected the aspect of control of development, the government would be guilty of political corruption.

The inclusion of civil society as a component of political corruption results in a problem in terms of relations between public institutions and citizens. Johnston has discussed this problem in terms of the extent to which

political powers respond to public interests. What Johnston discussed is actually the same as the concept of accountability that has been so popular of late. Accountability is the condition in which the holder of a political position who is given a mandate by the people cannot avoid public accountability.

Warren (2004) takes a step further by describing corruption that occurs in executive, judicial and legislative bodies, public spheres, civil society, and markets. Warren includes public sphere and civil society organisations as important sources of legitimacy. This means that the process of establishing legitimacy depends on whether or not there is political corruption. As an example, vote buying by politicians, in many places, is not against the law. But anyone who is involved in money politics will hide the fact, because it is not above board. A key actor in the public sphere is the mass media. If mass media reports and opinion columns influence money and power, this is public deception.

However, there may be a gap between legality and legitimacy even when personal or group interests are not involved. Legitimacy is social process that has more flexible boundaries. Many people in developing countries accept the illegal use of public resources. For example, the use of public vehicles for personal needs. Populist policies like these are made without taking into account public monies. In many developing countries, many institutions do not function effectively or there is no cooperation between institutions.

People in transitional democracies are faced with an institutional context in which the limits regarding the use of public resources are often blurred. As an example, many local governments use funds from the social support budget to strengthen their supporters, because this accountability mechanism for this budget item is relatively lax. It is this loophole that politicians use for their personal and group interests.

7. Cases of Political Corruption

In 2007, Partnership for Governance Reform conducted a study aimed at mapping political corruption in Indonesia and assessing possible strategic action for civil society organisations to fight this evil. This mapping focuses on the general tendencies of political corruption in areas of development planning, government bureaucracy, law enforcement agencies, political parties, and state-owned enterprises. It should be kept in mind, however, not all individuals and organisations in those areas studied are committed to political corruption.

The following table presents the results of mapping of political corruption in three dominant institutions in Indonesia. It focuses on dominant issues, weaknesses of governance, and implications for Indonesian political and economic development. This mapping is useful for the analysis of political corruption from the perspective of organisational institutionalism.

Table1. General tendencies of political corruption in three dominant institutions

Dimension	State-Owned Enterprises	Parliament	Political Parties
Issue	Political institutions intervene in Board of Directors	Widespread political corruption	Capital intervention. State captured by political parties
Governance Weakness	Board of Directors unable to enforce good corporate governance	Poor control of public spending. Weak representative democracy	Weak accountability. Disconnect with public political interests.
Impact	Create arena for bribery & extortion	Poor quality laws and appointments to public offices	Medium of economic power

Source: Author's summary of the raw data of stock-taking ISAAc submitted to Partnership for Governance Reform by Meuthia Ganie-Rochman and A Renata Arianingtyas (2007).

These data show that political corruption in a transitional democracy requires a different perspective, because the corruption is one of corrupt organisations, not of a group of corrupt individuals making use of organisations. This reflects the differences proposed by Pinto, et al. (2008) regarding the two types of corruption involving organisations: organisation of corrupt individuals and corrupt organisations.

The first type is the result of manipulative individuals or agents who make personal gains by using organisations. The second type refers to the character of organisation, which are corruptive, meaning that its corrupt structures are embedded in the organisation. In the latter, there exist norms that facilitate corruption. There is nothing to deny that these organisations have legal standing and legitimacy in democratising societies. Their leaders need to maintain organisational legitimacy by denying the existence of such corruptive structures. Otherwise, norms

from institutional environment that are derived from democratic principles would sanction corrupt individuals or organisations by imposing institutional reform.

Second, formal structures and procedures of organisations are legitimate, but corruptive practices occur because legitimate norms cannot be fully implemented. There are reasons behind these practices, such as inconsistencies in mechanisms, and weak mechanism of implementation. These weaknesses are perpetuated, even reinforced, by informal arrangements. In a short period of time, these arrangements can be institutionalised as corruptive agents are strengthened.

Third, corruption extends through the connection between organisations of different types of institutions. Politicians use political parties to gain power. As accountable mechanisms in the legislature have been weakened from the outset, so politicians have extended their corrupt practices by using the power of this institution to promulgate laws and allocate state budget. Latterly, politicians from various parties have covertly allocated lucrative bureaucratic positions and their grip on state owned companies. Resources are used fund political campaigns and for personal benefit. Holding of the trump card over the “sins” of political parties has made it very difficult for progressive politicians to reform state institutions.

8. Discussion

The organisational institutionalism perspective offers a better explanation of the complex networks of political corruption in democratising societies. Victor Nee (2005), a proponent of this perspective, develops a theoretical framework comprising two conceptual devices. The first is the institutional environment. It concerns the ways in which state policy shapes the interests of political and economic actors. It provides incentives for actors to achieve their political and economic goals. When public policy does not encourage transparent and responsible governance, for instance, political and economic actors have opportunities to abuse and bribe public offices.

The second is the institutional framework, which consists of formal and informal rules. It is an arena for all political and economic organisations to compete with each other to achieve their goals, and to cooperate with each other to influence public policy for their own benefit. Such cooperation involves building lobby and pressure groups to change public policy. In democratising societies, however, these pressure groups cooperate with political actors, including political parties, to get a slice of the “economic cake” that is in the hands of state institutions, such as access to infrastructure development projects and mining licenses.

How can Nee's framework be used to explain political corruption as it happens in Indonesia? First, we must identify the actors. These actors are political organisations, such as political parties or mass media organisations, that can be used in the process of articulating and mobilising power. These organisations exist within the construct of the rules of various institutions. For example, political parties must adhere to the rules of the general election commission, norms in parliament, governance of ministries, and laws on the public's right to information, which are all part of a democratic system.

However, in cases in Indonesia, government bureaucracy (ministries and local government bodies) and parliament are also involved. The author argues that several of these bodies are both organisations and institutions. As organisations, these bodies exist with a construct of values and norms. Management of the organisation observes the scheme of its institution. Cases of corruption in Indonesia indicate that parliament and ministerial organisations tend to be developed as organisations that contradict the principles of their institutions. Ministries should abide by the principle of serving and facilitating the public. Parliament should legitimately promote the interests of groups in society. The reality is deviation and use of public resources for narrow interest. Organisations that can be used to serve these narrow interests gain strength, becoming even as strong as parliament, and not because of their organisation, but because they manipulate the leverage that exists in their institutions.

Cases of political corruption in Indonesia indicate that parliament has managed to transform its organisation to become more powerful and unaccountable. Ministries and local bodies in Indonesia, for example, have clearer blueprints of the principles of good governance. The same norms of good governance are adopted by all ministries. However, corruption is committed by the elites, who manipulate decision-making about allocation of resources and licenses. So, there are two faces to the organisation of government of government bodies: the one that is striving to be more accountable administratively, and the other that misuses public resources.

A key issue in organisational institutionalism is the arena of organisations. Using Nee's framework, the arena of organisations is a large group of connected organisations formed to facilitate systemic corruption. Cases of corruption in Indonesia point to a criminogenic arena, involving political parties and parliament. State-owned enterprises, although used strategically by parties and parliament, are not actors in the organisational institutional

perspective. Why? Because as of 2014, State-owned enterprises (SOEs) in Indonesia are organisations that have an economic role but cannot be completely changed to serve the interests of politicians. SOEs are implicated in the criminogenic arena because their managers must be able to manage allocation for funds for political interests, regardless of public interests. One way in which allocation of funds for politicians is concealed is through corporate social responsibility programs.

Corruption in Indonesia indicates that, first, the arena of organisations has the power to maintain the institutional environment. Second, the arena of organisations can force other organisations within the institutional environment – in this case SOEs – to manipulate the norms and context of the institutional environment. The tendency could get worse because there are very powerful institutions without effective accountability mechanisms.

9. Conclusion

In a democracy, the state is the institution that encompasses the judicative, executive and legislative agencies. However in transitional democracies like Indonesia, the institutional environment is dynamic and complex, not static. The institutional context reflects the interaction among all institutions, both domestic and foreign. Interaction in a democracy does not necessarily comprise only of institutions that function according to the principles of democracy. Only in countries with an established democratic system and stable economy will the vast majority of these institutions function according to the principles of democracy.

The organisational institutionalism perspective provides a tool of analysis to explore in depth the contextual dynamics of interactions among political and economic institutions, which are specific to each democratising society. The variety of institutional environments and frameworks bring about different patterns of political corruption. Organisational institutionalism focuses on institutional contexts as a powerful variable affecting the quality of democracy and political corruption in democratising societies. This is a theoretical issue that has been neglected by the political and political economy perspectives.

The curbing of political corruption in any democratising society will depend on the existence of a powerful agency of corruption eradication. Equipped with a powerful authority, as Indonesia has shown, this agency is capable of bringing corrupt politicians, bureaucrats, and business people before the courts. A commission of corruption eradication is a strategic agency able to transform a corrupt and predatory state into legal-rational state.

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