

THE IMPACT AND EFFORTS TO COMBAT CORRUPTION ON INDONESIA'S ECONOMIC DEVELOPMENT

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Abstract

Corruption is a social problem that significantly impacts development and the economy in Indonesia. This practice arises from weak morals, weak oversight, a lack of transparency, and a culture of graft and nepotism within the government. This study uses a descriptive qualitative method with a literature review approach to analyze the causes, impacts, and efforts to eradicate corruption. The results show that corruption has a significant impact on decreasing public trust in the government, hampering development, and weakening national economic growth. Furthermore, corruption also causes social inequality and a decline in the quality of public services. Efforts to eradicate corruption can be carried out through improvements to the governance system, increased transparency, early anti-corruption education, and firm and consistent law enforcement. With comprehensive measures involving all levels of society, it is hoped that corruption in Indonesia can be reduced, thus enabling development to proceed more effectively and fairly.

Keywords: *Corruption Eradication, Indonesian Economic Development*

1. Introduction

A country's progress is largely determined by its ability and success in carrying out development. Development is a planned process of change encompassing all aspects of society. The effectiveness and success of development are determined by several factors, one of which is human resources (those who participate from the initial planning stage to the final implementation stage). However, human resources often engage in corruption, particularly in government. Consequently, the public is disappointed with the development process in Indonesia. Corruption is the misuse of state funds for personal gain or for the benefit of others. Moral weakness and low levels of honesty within government circles are factors contributing to corruption. Corruption in Indonesia has become a very dangerous social problem, threatening all aspects of community life, the nation, and the state. It can undermine the government system, reduce the quality of development, and destroy public trust in the government. According to Indonesian law, specifically Law No. 31 of 1999 in conjunction with Law No. 20 of 2001, which serves as the primary legal basis for eradicating corruption in Indonesia. These regulations regulate abuse of authority, bribery, and gratuities with the threat of severe criminal penalties, enforced by the police, the prosecutor's office, and the Corruption Eradication Commission (KPK). The main problem arising from the high rate of corruption in Indonesia is its pervasive and pervasive impact on the economy and various aspects of national life. In an economic context, corruption distorts resource allocation, hinders investment, and reduces national competitiveness. Systematic corrupt behavior creates legal and economic uncertainty, discouraging investors from investing in Indonesia. Consequently, economic growth is hampered, unemployment increases, and social inequality widens. Therefore, eradicating corruption must be a top priority in the national legal and economic reform agenda.

2. Literature Review**2.1 Factors Causing Corruption**

Several factors contributing to the prevalence of corruption in Indonesia include the low quality of human resources (HR), weak morality, and ineffective oversight and law enforcement systems. Low levels of honesty within government are at the root of widespread corrupt practices. Furthermore, weak institutional structures contribute, with a lack of transparency and accountability within the bureaucracy opening up opportunities for abuse of power. Inadequate oversight systems and ineffective inter-agency coordination make corruption difficult to detect and eradicate.

2.2 Impact of Corruption on Development and the Economy

Corruption has a far-reaching impact on the economy and national development. Internationally, corruption can damage a country's reputation, reduce its bargaining power in economic and political cooperation, and lead to sanctions or restrictions on foreign aid from donors and international institutions. Corruption also impacts the quality of development, leading to uneven and inaccurate targeting. Furthermore, corruption hinders the creation of a healthy investment climate and undermines public trust in government. Beyond its economic impact, corruption exacerbates social inequality and poverty by misappropriating resources intended for development and public services. Critical sectors such as education, health, and infrastructure are underperforming due to budget leaks caused by corruption.

2.3 Efforts to Eradicate Corruption

Corruption eradication in Indonesia has been carried out through various means, ranging from the establishment of anti-corruption institutions such as the Corruption Eradication Commission (KPK), bureaucratic reform, to increasing transparency and accountability in state financial management. Furthermore, corruption eradication efforts can be carried out in various ways, such as providing anti-corruption education and outreach from an early age so that the younger generation becomes accustomed to honesty and integrity. The role of the media and the public is also crucial in monitoring the implementation of policies to ensure greater transparency. The use of technology, such as e-government, can help reduce direct interaction between the public and officials, thereby minimizing opportunities for corruption. Furthermore, stricter oversight, cooperation between legal institutions, and stricter regulations are also needed to ensure that perpetrators of corruption are seriously prosecuted and no one is immune from the law.

3. Research Methods

This research uses a descriptive qualitative approach with the aim of systematically and in-depthly describing and analyzing the phenomenon of corruption and its impact on economic development in Indonesia. The data used is sourced from secondary sources, including previous research and scientific journals. Data collection was conducted through library research to obtain various references regarding the definition, causal factors, impacts, and efforts to eradicate corruption. Furthermore, this study utilized documentary observation of the development of anti-corruption policies and practices reported in the media and official documents. The collected data were then analyzed using content analysis and qualitative descriptive techniques through a process of grouping, analyzing, and interpreting relevant information to answer the research problem formulation.

4. Content and Discussion**4.1 Causes and Effects of Corruption**

The spread of certain forms of corruption stems from specific causes that carry various consequences. Corruption comes from the Latin word *corruptore*, which means to damage, destabilize, or distort. According to Transparency International, corruption is the improper and illegal act of public officials, both civil servants and politicians, to enrich themselves or those around them by abusing the authority entrusted to them. Corruption can occur due to weak oversight and law enforcement, which allows perpetrators to feel free to commit irregularities. Then there is the lack of transparency in financial management, which opens up room for abuse of authority. The greed of individuals who want to live a luxurious life without effort. And the deep-rooted culture of nepotism and gratification that makes bribery commonplace in Indonesia. Criminal acts of corruption generally fulfill the elements such as unlawful acts, abuse of authority, and causing financial losses to the state. Corruption has devastating consequences for a country, particularly in reducing public and other countries' trust in the government. Countries with officials free from corruption are more trusted for political, economic, and other cooperation. Conversely, countries with corruption often face obstacles to development and economic and political stability. This decline in trust hinders and hinders the process of change and development in

various sectors within the country. Furthermore, corruption diminishes the government's credibility in the eyes of the public. When government officials engage in corruption, the public tends to become apathetic and lose trust in government policies. This attitude can weaken national resilience and disrupt national security. An example of this was the 1998 Indonesian political crisis, when the public demanded President Suharto's resignation, believing the government was no longer fulfilling its mandate. From an economic perspective, corruption reduces state revenues due to smuggling and tax evasion. This hinders development because funds that should be used for the public good are not available. Furthermore, proceeds of corruption that are not recorded in official income exacerbate social inequality because they are not taxed, further unequal distribution of income. Corruption also undermines the legal system when law enforcement officials are involved, resulting in a loss of public respect for the law. Corruption also damages the personal morals of perpetrators and can set a bad example for the younger generation if allowed to persist. Corruptors prioritize material gain and neglect their duties and responsibilities. As a result, the nation's goal of realizing a just and prosperous society becomes increasingly difficult to achieve.

4.2 Impact of Corruption on Development and the Economy

Infrastructure development in Indonesia remains slow, and one of the main causes is rampant corruption at various levels. Corruption in this sector has a serious impact on the quality of development outcomes and increases the national debt, ultimately becoming a burden on the public. From 2020 to 2024, only around 30% of the State Budget (APBN) was allocated for infrastructure development. However, this substantial budget does not always guarantee improvements in the quality or availability of services, particularly in the road sector. This is due to rampant corruption that undermines the effective use of public funds. Corruption also leads to the diversion of public investment into projects that benefit certain individuals, without considering the needs of the community. In bureaucracies, corruption often leads to projects being designed with unnecessary complexity as a means of concealing budget misappropriation. Consequently, the quality of public goods and services declines due to a lack of adherence to production standards, proper material use, health requirements, environmental regulations, and other technical standards. Corruption not only undermines the foundations of the economy but also undermines public trust in government institutions.

Corruption has a significant negative impact on a country's economic growth and stability. One of the main impacts is hampering investment, both domestic and international. First, corruption directly impacts investment and economic growth. Corrupt practices hinder the flow of both domestic and foreign investment. Additional costs arising from illegal payments, complex negotiations with corrupt officials, and the risk of contract cancellation or legal investigation all contribute to the rising cost of doing business. This creates uncertainty and erodes investor confidence in Indonesia's legal system and investment processes. As a result, both Domestic Investment (PMDN) and Foreign Investment (PMA) are reluctant to invest. Furthermore, corruption also reduces the quality of development outcomes, particularly in the procurement of public goods and services. Public funds are often diverted to projects that offer greater opportunities for bribery and private gain. In practice, infrastructure development budgets are slashed through bribery, extortion, and embezzlement. As a result, the infrastructure built does not meet the required quality standards. Poor infrastructure not only hinders community connectivity with economic centers but also slows economic growth in various regions.

4.3 Corruption Eradication Efforts

Most people believe that imposing harsh penalties on corruptors is an effective way to eradicate corruption. However, corruption is like a disease that slowly destroys the economy and spreads to various aspects of society, so relying solely on harsh legal sanctions is not enough. Eradicating corruption must be carried out with a more comprehensive approach, taking into account the characteristics of the various parties involved and the social, political, economic, and cultural environments in which they work and operate. By understanding this context, eradication efforts can be more targeted and effective. The strategies implemented must be tailored to the conditions and characteristics of the communities and organizations targeted for eradication. Each country and community group needs to find its own solutions tailored to their circumstances so that anti-corruption efforts focus not only on punishment but also on systemic and behavioral changes in environments prone to corruption. With a comprehensive and contextual approach, corruption eradication will be more sustainable and have a positive impact on social and economic progress. One of the crucial steps in eradicating corruption in Indonesia is improving the existing system. First, improving the system is crucial in eradicating corruption in Indonesia. Many of the current systems actually create loopholes for corruption. Therefore, system improvements are needed, including by promoting transparency among state officials through the acceptance of

state official wealth reports (LHKPN) and gratuity reports by the Corruption Eradication Commission (KPK). Furthermore, the KPK also provides recommendations to relevant ministries and institutions to take necessary corrective measures. Modernizing public services through online systems and integrated oversight is also part of the effort to create greater transparency and effectiveness. Second, anti-corruption education and campaigns also play a crucial role in raising public awareness of the negative impacts of corruption and encouraging them to actively participate in its eradication. This strategy is not only aimed at students and the general public but also begins at an early age, including children in kindergarten and elementary school. Finally, repressive measures in the form of legal action against perpetrators of corruption are an integral part of the eradication process. Corruption cases are often uncovered through public complaints, which are then followed up by the Corruption Eradication Commission (KPK) through the stages of verification, investigation, prosecution, and even sentencing. This approach demonstrates the importance of the public's role, along with a strong legal system, in addressing corrupt practices.

5. Conclusion

Corruption is a serious problem stemming from various factors, including weak oversight, a lack of transparency, individual greed, and a deeply rooted culture of nepotism and bribery. Its impacts are far-reaching, ranging from diminishing public and international trust in the government, weakening political and economic stability, to hampering national development. Corruption also leads to shrinking state revenues, social inequality, and the deterioration of the legal system and public morals. Corruption eradication efforts must be carried out comprehensively with a holistic and contextual approach. Simply imposing harsh penalties on perpetrators of corruption is not enough; system improvements are also needed to support transparency and accountability, education and anti-corruption campaigns that involve all levels of society from an early age, and firm and effective legal enforcement. Through an integrated strategy that adapts to social, political, economic, and cultural characteristics, corruption eradication can be more effective, sustainable, and have a positive impact on national progress.

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