Public Integrity as the Cornerstone of Anti-Corruption Policies

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Abstract. Various systems and utilization of technology have been developed to increase public participation, transparency, and accountability for government performance. However, corruption is still an important problem that has no end. So that The Anti-Corruption Working Group (ACWG) is committed to eradicating corruption in the next three years. This study uses the Index of Public Integrity by ERCAS as a strong basis for the formation of anti-corruption policies by the ACWG to control acts of corruption in the G20 countries. To provide more direct implications, this study examines the six indicators in it. This study uses panel data with the Fixed Effect Model in IPI testing of the Corruption Perception Index (CPI) in 43 countries that are members of the G20 with a research period of 2016-2022. Panel data testing is continued with the classical assumption test and partial hypothesis testing. The results of the study show that CPI can be increased by increasing online services, e-Citizenship, Judicial Independence, and Press Freedom. While Administrative Transparency and Budget Transparency have a positive relationship but do not significantly affect CPI. The test results show that Public Integrity can be used as a basis for preparing anti-corruption policies by the ACWG by prioritizing the implementation of policies that meet the aspects of public integrity indicators. While Administrative Transparency and Budget Transparency have a positive relationship but do not significantly affect CPI. The test results show that Public Integrity can be used as a basis for preparing anti-corruption policies by the ACWG by prioritizing the implementation of policies that meet the aspects of public integrity indicators. While Administrative Transparency and Budget Transparency have a positive relationship but do not significantly affect CPI. The test results show that Public Integrity can be used as a basis for preparing anti-corruption policies by the ACWG by prioritizing the implementation of policies that meet the aspects of public integrity indicators.

Keywords: Public Integrity, Administrative Transparency, Budget Transparency, Online Service, E-Citizenship, Freedom of the Press, Judicial Independence, Corruption Perception Index, G20.

1 Introduction

As the development of the use of technology in various systems applied in various sectors creates new opportunities in providing transparent, accountable services and information in the public sector,[1]. So that it can reduce information asymmetry which can be an opportunity to commit acts of fraud between the government which has more information about state administration and the people who act as principals.[2]. However, in practice, public services that are increasingly developing and increasing community participation cannot always reduce
corruption that occurs in a country so that it becomes the focus of attention in various parts of the world.[3].

Corruption is an act of fraud committed by abusing public power to increase personal gain. Corruption itself has become an old phenomenon that affects many aspects of the public, both from a social, economic and legal perspective. So that since 1980, the fight against corruption has become a priority in international policy debates and formulation (Adjor & Kebalo, 2018).

The urgency of the problem of corruption has encouraged countries to form a union, one of which is the Anti-Corruption Working Group (ACWG) in 2010 which brought together 19 countries and 1 European Union institution in the G20. The establishment of the forum is part of the G20's commitment to promoting anti-corruption values in international and national instruments by increasing standards of transparency, accountability and contribution to fighting corruption.[4]. Based on the records on the level of perceptions of corruption in the Corruption Perception Index (CPI) it shows that at least 58% of countries in the G20 still have a corruption level below 50/100 with an average CPI score in the G20 of 54/100 which indicates that there is still a need for commitment to implementing anti-corruption in these countries. G20 countries[5].

Besides that in order to reduce the level of corruption, the state needs to pay attention to aspects that can hamper opportunities (Administrative Transparency, Online Services, and Budget Transparency) that are used by public officials to commit corruption, such as: Judicial Independence, e-Citizenship, and Freedom of the press [6]. However, in practice, increased Public Integrity cannot improve the state's perception of corruption. So that raises the question of the effectiveness of measurement Index of Public Integrity against CPIs.

![Public Integrity Score Chart](image)

**Fig. 1.** Public Integrity Score
Based on the picture above, it can be seen that several countries in the G20 experienced changes in the level of public integrity that were not matched by changes in the CPI. So that raises the question of what factors can be effective in controlling corruption so as to improve perceptions of corruption in the future. Therefore, this research was conducted to provide input to the G20 ACWG in the form of aspects that can be used as a basis for forming effective anti-corruption policies to meet organizational goals in reducing the level of corruption so as to provide a better perception for the state in overcoming corruption cases.

To be able to control corruption, the state needs to pay attention to interrelated aspects that support the improvement of state governance. Such as increasing transparency and accountability of government performance through the effective use of technology in public services that supports community participation in overseeing government performance [7]–[10]. In addition, the public needs support from an independent judiciary and press to be able to control corruption and oversee the prosecution of corruption cases that occur [11]–[13]. While on the other hand, several studies say that the use of technology is not always effective in controlling corruption and there is still political intervention in the judiciary and the press [10], [11], [14]. This raises questions about the basis for effective policies to improve state governance in controlling corruption so as to build positive perceptions of corruption.

Based on the results of past research gaps related to aspects that affect corruption. So this research was prepared by considering the social, economic, and legal aspects contained in public integrity which can assist the state in developing policies that are able to control corruption so as to improve perceptions of corruption in the future. Where is better public integrity, which is reflected by more transparent administration and budgeting; better use of technology; as well as the independence of society, the judiciary and the press in dealing with corruption cases, will improve the perception that the state can properly handle and prevent corruption.

Furthermore, this paper will explain several parts. First, the second part presents the literature and theory related to the problems in this study. The third part will present the research
methodology used to obtain research results. The fourth section presents the results of testing and analysis of research results. And finally, section five will conclude the results of the research and development needed for the future.

2 Literature Reviews

2.1 Corruptions
Agency problems can also occur in the public sector, where information asymmetry occurs between the government as an "agent" and the community as a "principal", where the government has more information on public administration thereby creating opportunities that public officials can use to commit corruption.[15]. The Transparency International Institute defines corruption as a violation of law committed by public officials, both civil servants and politicians, to enrich themselves and the parties involved by abusing their power.[16]. Meanwhile, according to the World Bank, corruption is an abuse of public power with the aim of fulfilling personal gains that harm the state and other parties[17]

*Transparency International* conducts an annual index measurement of perceptions of corruption in countries around the world known as the Corruption Perceptions Index (CPI). Where countries with high perception index numbers show low levels of corruption that occur in related countries which are supported by good state governance in controlling corruption[16]

In controlling the level of corruption, there are many aspects that need attention that can increase the effectiveness of state governance. The most important thing that needs to be considered and followed up to control corruption is the level of transparency and accountability. Where transparency and accountability in the public sector can be supported by increased use of technology and the internet in information systems and public services by the government[18]–[20]. With the increasing use of the internet, it will increase public participation so that the public and the private sector can monitor the running of government programs and oversee the judicial process of corruptors[21]–[23]. Apart from the effectiveness and efficiency of the information system used by the government, corruption can be controlled by the effectiveness of governance, and vice versa, if the state is able to reduce the level of corruption it will be able to improve its governance.[3].

2.2 Public Integrity
with the policies of public institutions in controlling corruption in a country[6]. IPI was initiated by Pipped. in European Research Center for Anti-Corruption and State-Building (ERCAS), Anti-Corruption & Governance Center (ACGC), and Center for International Private Enterprise (CIPE) since 2016 in 120 countries around the world.

IPI can cover public integrity measures in 105 countries and explain more than 75% of the variation in corruption control across countries as measured by World Bank indicators[7] by using IPI it can help policy makers to identify which parts need to be improved. This index provides an annual overview of how often politicians are confronted with public accusations of breaches of their integrity and other integrity allegations and scandals. IPI defines corruption as a balance between sources or opportunities (resources) that can be used by public officials to commit acts of corruption with constraints (constrains) that can prevent corruption. This
opportunity (Administrative Transparency; Budget Transparency; and Online Service) comes from the government's discretionary power which has special access to state administration.[7]. IPI measures the index of 6 (six) indicators compiled from each related survey institution, then generalized into IPI measurements[6].

1. Administrative Transparency
   Transparency is one of the most important indicators of democracy that combines many components, including the availability of information about the internal and performance of public organizations. In this sense, transparency is related to the provision of information from the government to external actors, to enable monitoring of government performance. Administrative Transparency assesses how long it takes and the procedures it takes to do a business and the time and procedures for paying taxes. This indicator is reviewed directly by ERCAS using de jure and de facto indexes. The greater the T-Index owned by a country, it indicates the more transparent the state administration concerned[6]. Based on agency theory, transparency is needed to minimize information asymmetry that occurs between the government and the public, where the government has an advantage over information regarding state administration, while the public has the right to obtain truthful information.[15]. So that the more transparent a state administration, the lower the level of corruption[7].

   **H1: Administrative Transparency has a positive influence on perceptions of corruption**

2. Budget transparency
   Apart from the administrative side, budgeting or budgeting is also necessary for the government to provide transparency regarding the budgeting process to reporting on the realization of the budget.[7]. This is intended to reduce the information asymmetry that occurs between the government and the public, thus reducing the opportunity for the government to commit acts of corruption[15]. *Budget transparency* itself is interpreted as an access that is given and owned by the public regarding the preparation of the government budget[6]. The Budget Transparency indicator is measured by assessing the level of openness of government budgeting information through a survey by the Open Budget Survey (OBI) with an increasingly large scale showing highly transparent budgeting[24].

   **H2: Budget Transparency has a positive influence on perceptions of corruption**

3. Online Services
   To suppress information asymmetry between the government and the public, public services must be improved properly so that they can be felt by all people
and create high accountability and transparency.[25]. As it has been said that good transparency and accountability helps the state in controlling the level of corruption in the country concerned[15]. Especially in the G20 countries which experience bigger problems in performance in controlling corruption than problems in government effectiveness. Online-based services minimize the tendency of corruption in the public sector by minimizing manual bureaucracy which takes a lot of time and involves many parties[1].

H3: Online services have a positive influence on perceptions of corruption

4. E-Citizenship
The use of social media and technology in society creates a new culture, where social media users are considered members of society who can participate in the environment around them[10], [11]. E-Citizenship is defined as citizens participating digitally in influencing government decision-making processes, holding public officials and government bodies accountable (accountability), and reporting problems, errors, and corruption that occur. The change from the formal institutional scope to a more informal digital space has led to an intensification of the affective public in fighting against corrupt dynasties[26].

H4: E-Citizenship has a positive effect on perceptions of corruption

5. Freedom of the Press
Apart from internal factors such as administration, corruption can be caused by external factors that can be controlled by individuals or organizations outside the government bureaucracy, namely freedom of the press or mass media and judicial power that is free from political intervention.[14]. Historically, journalism has been regarded as an instrument of institutional accountability, as a means of holding the government accountable to the masses, as well as fulfilling the democratic goals of the country itself.[13], [27]. The press functions as a transparent institution, as a government policy maker and corruption detector in order to support public awareness about the corrupt behavior of politicians so as to reduce the opportunity for public officials to commit acts of corruption[8], [28].

H5: Freedom of the Press has a positive influence on perceptions of corruption

6. Judicial Independence
Judicial Independencies a constitutional principle of the judicial system[15]. In general, the high level of corruption in developing countries is due to the weakness of the democratic system and the judicial system[13], [29]. A good justice system is a crucial thing that must be considered in fighting corruption[30]. To be able to fight corruption, the judiciary and audit institutions must be autonomous,
accountable, and effective in carrying out judicial reviews of laws.[7]. With an independent judiciary that is free from political and business intervention, it will increase public confidence in defending human rights and trust in the professionalism of the legal system.[31].

**H6: Judicial Independence has a positive influence on perceptions of corruption**

### 3 Research Methods

#### 3.1 Sample and Research Data
This study examines the effect of Public Integrity on the Corruption Perception Index (CPI) in 39 countries that are included as G20 countries in 2023. The research sample was obtained by eliminating countries that were not included in the Public Integrity and CPI surveys. The research uses secondary data obtained through the website with index values according to each survey organizer with observation periods during 2016, 2018, 2020 and 2022.

**Table 1. Corruption data**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Data source</th>
<th>Data Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of Public Integrity (IPI)</td>
<td>Corruption Risk Forecast by ERCAS</td>
<td>0 – 10</td>
</tr>
<tr>
<td>Administrative Transparency</td>
<td>ERCAS</td>
<td></td>
</tr>
<tr>
<td>Budget transparency</td>
<td>Open Budget Survey</td>
<td></td>
</tr>
<tr>
<td>Online Services</td>
<td>UNDP (e-Government)</td>
<td></td>
</tr>
<tr>
<td>E-Citizenship</td>
<td>ICT Dataset ITU</td>
<td></td>
</tr>
<tr>
<td>Freedom of the Press</td>
<td>Reporters Without Borders</td>
<td></td>
</tr>
<tr>
<td>Judicial Independence</td>
<td>World Economic Forum (WEF)</td>
<td></td>
</tr>
</tbody>
</table>

| Corruption Perception Index (CPI)    | Transparency International              | 1 – 100   |

#### 3.2 Method of Analysis

This research uses panel data testing by conducting descriptive analysis, regression analysis, t test, and determination test using EViews software to test the hypothesis. This research model can be structured as follows:

\[
CPI = \alpha + \beta_1(AT) + \beta_2(BT) + \beta_3(OS) + \beta_4(EC) + \beta_5(FP) + \beta_6(JI) + e
\]

**CPI** or the Corruption Perception Index, which is an index measuring the level of perceptions or views on corruption owned by a country during 2016 – 2022. The higher the perception value of a country indicates the better the country is in controlling and controlling its level of corruption so that it shows the lower the level of corruption it has.
The independent variables of this study are 6 (six) indicators from the Index of Public Integrity, which consist of: **AT** (Administrative Transparency); **BT** (Budget Transparency); **OS** (Online Services); **EC** (E-Citizenship); **PF** (freedom of the Press); And **JI** (Judicial Independence).

### 4 Results

#### 4.1 Description of Statistics

<table>
<thead>
<tr>
<th>CPIs</th>
<th>AT</th>
<th>BT</th>
<th>EC</th>
<th>JI</th>
<th>OSV</th>
<th>PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Means</td>
<td>0.60</td>
<td>8.58</td>
<td>8.20</td>
<td>7.43</td>
<td>8.917</td>
<td>7.66</td>
</tr>
<tr>
<td>Median</td>
<td>0.59</td>
<td>8.88</td>
<td>8.08</td>
<td>7.56</td>
<td>9.37</td>
<td>8.13</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.90</td>
<td>10.00</td>
<td>19.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.28</td>
<td>2.19</td>
<td>5.79</td>
<td>2.29</td>
<td>3.06</td>
<td>1.47</td>
</tr>
<tr>
<td>std. Dev.</td>
<td>0.17</td>
<td>1.22</td>
<td>1.44</td>
<td>1.58</td>
<td>1.95</td>
<td>1.27</td>
</tr>
<tr>
<td>Observations</td>
<td>156</td>
<td>156</td>
<td>156</td>
<td>156</td>
<td>156</td>
<td>156</td>
</tr>
</tbody>
</table>

Based on the test results above, it can be seen that data on the Index of Public Integrity and Corruption Perception Index in the G20 countries show differences in values that are not too significant which indicates stability in the public aspects of integrity and perceptions of corruption resistance. As seen in the table above, the majority of the six Public Integrity indicators have an average value above 8. Where Online Service and Administrative Transparency already have good scores. Meanwhile, E-Citizenship and Judicial Independence are considered to still need improvement, even though the value is quite good.

This shows that the countries in the G20 have good Public Integrity so that they are able to produce a fairly good perception of corruption on average. However, the state still needs to pay attention to the balance of various aspects contained in Public Integrity in order to produce a good perception of state resistance to corruption.

#### 4.2 Model Test

<table>
<thead>
<tr>
<th>Effect Test</th>
<th>Statistics</th>
<th>df</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>20.788415</td>
<td>(38,111)</td>
<td>0.0000</td>
</tr>
<tr>
<td>Chi-square cross-sections</td>
<td>326.653145</td>
<td>38</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistics</th>
<th>Chi-Sq. df</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random cross-sections</td>
<td>109.606704</td>
<td>6</td>
<td>0.0000</td>
</tr>
</tbody>
</table>
Testing the panel data estimation model using Eviews 9 on the effect of Public Integrity on CPI shows the Prob value. Chi-square 0.0000 on the CEM (Common Effect Model) test and the Prob value. Random cross-section of 0.0000 on the FEM (Fixed Effect Model) test. So the right estimation model for this study is the Fixed Effect Model (FEM). Furthermore, the classical assumption test was carried out to measure the quality of the research model. Based on the results of the classic assumption test in the appendix below, it shows that the research model is free from heteroscedasticity and multicollinearity with a Prob value. > 0.05 and collinearity value < 0.9. That is, the research model does not contain variance differences in the residual observations and there is no correlation between the independent variables.

4.3 Hypothesis Testing

<table>
<thead>
<tr>
<th>Variables</th>
<th>coefficient</th>
<th>std. Error</th>
<th>t-Statistics</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.280313</td>
<td>0.040386</td>
<td>-6.940905</td>
<td>0.0000</td>
</tr>
<tr>
<td>AT</td>
<td>0.007065</td>
<td>0.004010</td>
<td>1.761806</td>
<td>0.0802</td>
</tr>
<tr>
<td>BT</td>
<td>0.003631</td>
<td>0.002972</td>
<td>1.221759</td>
<td>0.2237</td>
</tr>
<tr>
<td>OSV</td>
<td>0.010888</td>
<td>0.004168</td>
<td>2.612532</td>
<td>0.0099</td>
</tr>
<tr>
<td>EC</td>
<td>0.026877</td>
<td>0.003672</td>
<td>7.319525</td>
<td>0.0000</td>
</tr>
<tr>
<td>PF</td>
<td>0.028391</td>
<td>0.004067</td>
<td>6.981253</td>
<td>0.0000</td>
</tr>
<tr>
<td>JI</td>
<td>0.041937</td>
<td>0.003175</td>
<td>13.20721</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Source: Processed data, 2023

The results of hypothesis testing using Eviews9 show that statistically, Online Service, E-Citizenship, Freedom of the Press, and Judicial Independence have a significant positive effect on CPI with a significant level <0.05. While Administrative Transparency and Budget Transparency have a Prob value. >0.05.

4.1 Administrative Transparency

A more transparent public administration will reduce the opportunity for public officials to commit acts of corruption. State administrative discretion will create opportunities for acts of corruption so that the government is required to provide transparency which can reduce discretion and strengthen the administrative system to be able to control corruption.[20],[32]. However, to be able to carry out a transparent administration, the state needs support from adequate human resources that can assist transparency and accountability for government performance.[9], [33]. In addition, this hypothesis is not supported, indicating that the high value of administrative transparency in the country cannot have a strong influence on perceptions of corruption because there is still a lack of support from aspects other than Public Integrity.

4.2 Budget Transparency

As agency theory explains that in order to reduce information asymmetry between the government and the public, it is necessary to increase state transparency, especially from an economic perspective which can be seen through the government's budgeting process.[7], [15]. However, in practice, more transparent budgeting has not reduced the level of corruption. To be able to increase transparency, government agencies need more funds which then becomes an internal problem itself[9], [33]. In addition, the unsupported hypothesis indicates that the G20
countries do not have sufficient transparency in their budgeting processes to improve their country’s perceptions of corruption.

4.3 Online Services
A government system with online-based services will increase the effectiveness of public services because the online system can reduce manual bureaucracy and the involvement of third parties so that it can reduce the opportunities for civil servants to commit corruption.[1], [20], [34]. Therefore, the use of online systems in public services is considered capable of assisting countries in controlling and preventing corruption in the future, especially in G20 countries[7].

4.4 E-Citizenship
Community participation digitally or E-Citizenship which is more intense and high will increase the ability of the community to monitor government performance and reduce the opportunity for public officials to commit corruption.[7], [10]. However, to be able to fight corruption, society cannot move alone and needs the support of independent institutions such as the judiciary[8], [28]. In addition, resistance from the public is not effective against corruption if public officials do not have the value of self-integrity and sufficient self-limitation to prevent corruption[20].

4.5 Freedom of the Press
Press freedom from political intervention in providing information to the public will reduce information asymmetry and increase public confidence that corruptors will be tried properly, as well as provide confidence that there is no opportunity for public officials to commit acts of corruption so that press freedom must be supported in formulating anti-corruption policies. Therefore, the more free the press is in providing information that can be supported by policies and legal protection for the press, the lower the opportunity to commit acts of corruption and increase the perception of corruption in the future.[7].

4.6 Judicial Independence
Similar to Freedom of the Press, Judicial Independence is also an aspect that comes from society in order to limit government actions so that it can be used as an element in controlling corruption.[7]. The freer the justice system from political and business intervention, the more public confidence in the appropriateness of the judicial process against law violations. A good justice system is a crucial thing that needs attention to be able to fight corruption, especially in G20 countries which have a high level of political intervention in various independent institutions[13], [29], [30].

5 Conclusion and Limitations

Index of Public Integrity has a strong enough influence to be able to control the level of corruption so that the state can improve perceptions of corruption through improving the government system that focuses on aspects of public integrity. Based on the test results, Online Service, E-Citizenship, Freedom of the Press, and Judicial Independence are aspects that need further attention in drafting regulations that will control corruption in the future.
These results show that the G20 countries have less transparency, less internet-based public services; as well as the presence and strength of political intervention in the mass media and the state judiciary. So, to be able to reduce the level of corruption which is one of the main problems in the G20 countries, the state needs to prioritize the improvement of a transparent and accountable governance system so that it can build public trust in managing corruption.

This research is limited to several aspects that can be developed in further research. First, this research only focuses on Public Integrity from the many aspects that can assist the state in controlling corruption. Second, the sample in this study is limited to the G20 countries included in the Index of Public Integrity. Third, the update of this study using the Index of Public Integrity provides its own weaknesses, apart from the limited number of countries, this index was also initiated only in 2016, thus limiting the observation period. Therefore, further research can expand the sample and observation period so as to strengthen the test results. Besides that,

References


