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# The perversion of a Culture of Gift

## An Indonesian perspective

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# GIFTS

## *Definition:*

- Norm of Reciprocity – triad structure of obligations

## *Characteristics:*

- Expression of social bonds
  - Ambiguity of a gift: sharing and superiority
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# BRIBERY

## *Definition:*

- Monopoly power + Discretion – Accountability

## *Characteristics:*

- Payment or promise of payment for a service
  - Contractual market exchange
  - Illegitimate and secret character
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# Similarities between GIFTS & BRIBERY

- Trust
  - Reputation
  - Reciprocal obligations
  
  - Non legal enforcement
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# Culture of Gift in Java

## (traditional community)

### *Basics of Culture of Gift in Java*

- Rukun ⇒ conflict avoidance ⇒ consensus
- Hormat ⇒ respect ⇒ hierarchy

### *Examples of Culture of Gift in Java*

- Gotong-royong
  - Arisan  
= "Social Capital"
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# Culture of Exchange in Java

## *in this transition period*

- Individuation and erosion of traditional social mores

As result of Urbanization and Industrialization

- Lack of efficient institutions
    - No proper law enforcement e.g.
    - Patronage – Favoritism (“Particularism”)- Nepotism
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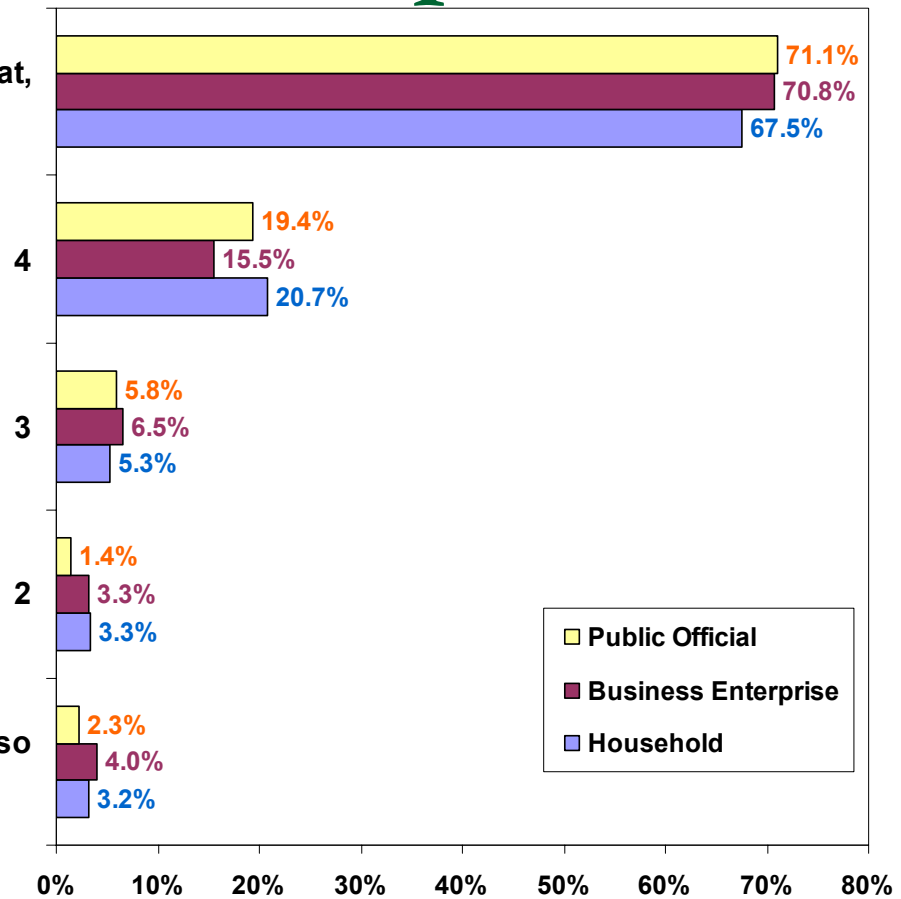
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# National Survey of Corruption

- First post-Suharto national survey of corruption perceptions undertaken by the Partnership for Governance Reform.
  - Conducted in early 2001 with a total sample of 2,300 respondents in 14 provinces.
  - Interviewed 1,250 households, 400 business enterprises, and 650 public officials
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# Public Attitudes Towards Corruption

A disease against which we should all combat,  
denouncing every case that we know of



Natural occurrence and part of our daily life, so  
denouncing it is unnecessary

# Behavior in Corruption Situations: Payment of Bribes

Situation	Normal	Not Normal	Pay Up	Don't Pay
Bribe Lurah	61.9%	37.4%	75.1%	24.2%
Bribe Police	46.6%	52.0%	58.7%	40.0%
Bribe Judge	22.2%	74.7%	26.8%	70.1%

# Behavior in Corruption Situations: Acceptance of Bribes

Situation	Accept	Don't Accept	Don't Know
Offered Gift from Supplier	81.1%	16.4%	2.5%
Offered Money for Votes	43.7%	54.1%	2.3%

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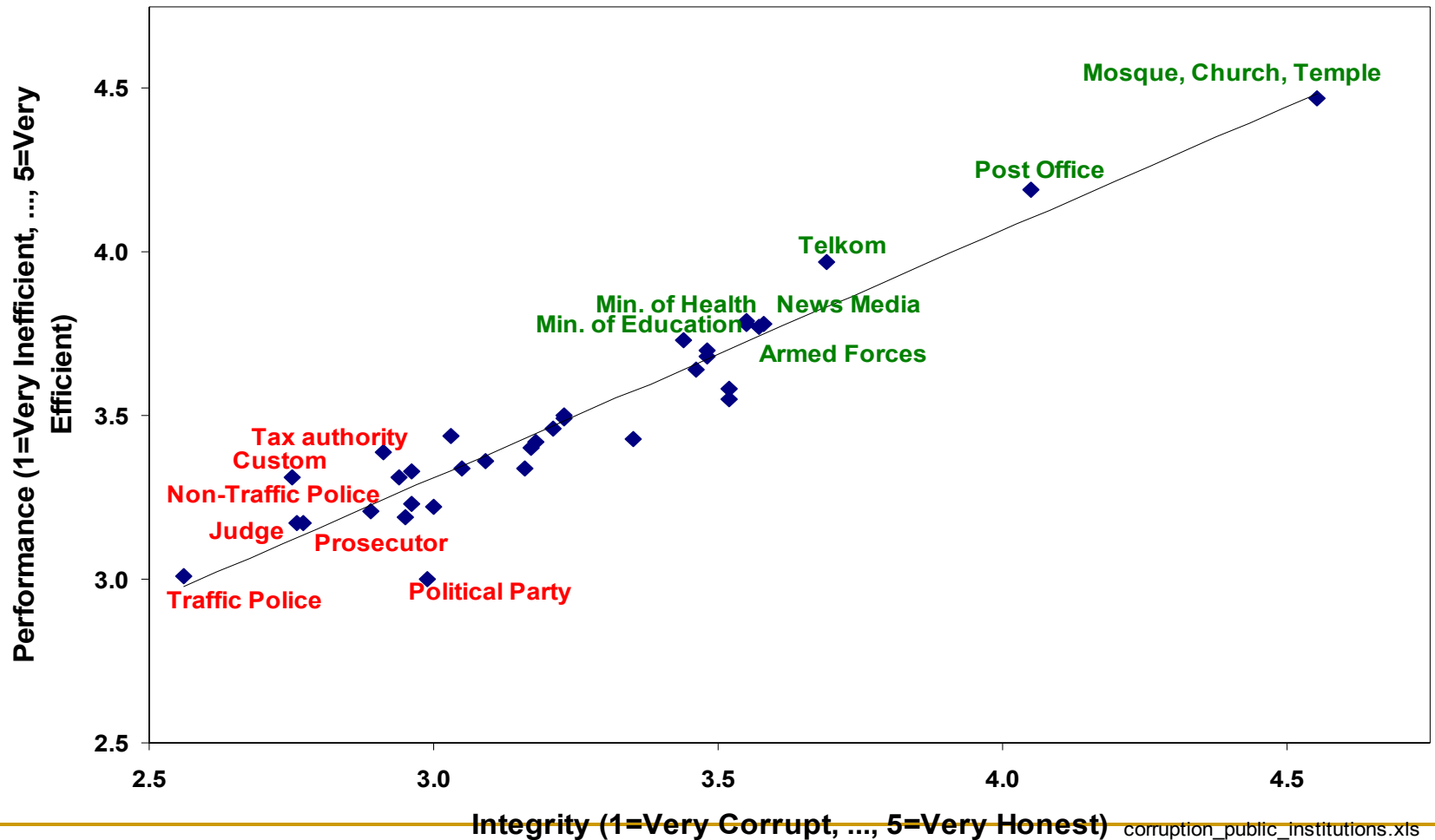
# Lessons from the Survey

- Attitudes firmly against corruption
  - Behavior still ambivalent
  - Can distinguish socially acceptable vs unacceptable
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# Factors Related to Lower Corruption in Public Institutions

<b>Determinant</b>	<b>Statistical Significance</b>	<b>Rank</b>
<b>Quality Management Practices</b>	<b>Very Significant</b>	<b>1</b>
<b>Limited Discretion</b>	<b>Very Significant</b>	<b>2</b>
<b>Implementation of Rules</b>	<b>Significant</b>	<b>3</b>
<b>Presence of Written Rules</b>	<b>Not Significant</b>	<b>--</b>
<b>Disciplinary Actions</b>	<b>Not Significant</b>	<b>--</b>
<b>Public Official Income</b>	<b>Not Significant</b>	<b>--</b>

# Integrity and Performance



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# Controlling Corruption

Quality management practices in procurement, budget, and personnel processes backed up by strong anti-corruption organizational orientation, limited discretion, and the implementation of rules were found to be statistically significantly related to lower levels of corruption in public institutions

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# Responsible behavior in a culture of exchange?

- Empirical research indicates that the following factors could be important in the fight against corruption:
    - Proper and accountable management practices
    - Effective implementation and enforcement of rules
    - Less tolerance for discretion = more openness
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# What are the rules of this new game?

- Embracing the new paradigm of more a 'globalized' culture of exchange :
  - Good Leadership examples within networks
  - Corporate accountability + Rules of the game = Good Corporate (Social) Responsibility
  - External and Internal "legal" enforcement = upholding the law + moral responsibility