

ABSTRACT

This study aims to identify the determinants of private sector willingness to contribute in government projects through a controlled laboratory experiment approach. This study is expected to contribute to the literature on public goods project policy, especially by examining the impact of financial and institutional instruments. In addition to financial instruments such as returns and effective taxes, this study also includes institutional and cognitive domains such as credibility and individual risk propensity. This study uses a theoretical and experimental approach. Theoretical analysis found that both financial, institutional, and individual cognitive instruments influence private sector attitudes to contribute to government projects. Meanwhile, the experiment was conducted using the Z-Tree application on 40 student participants for 14 rounds. The experimental findings showed that the impact of all independent factors was significant. The existence of low effective taxes, high returns, and credible institutional conditions, as well as risk propensity factors encourage the private sector to contribute to government projects.

Keywords: Contribution Behavior, Return, Tax, Credibility, Risk