

ABSTRACT

Corruption is one of Indonesia's biggest problems due to its negative impact, particularly on the economy. Corruption Eradication Commission data indicates that the nation has lost Rp 39.9 trillion due to corruption between 2004-2011. This research analyses the patterns of corruption in Indonesian government institutions by examining 49 criminal cases tried between 2005-2013 for which final judgement has been given in order that in the future, the government better understands how to overcome and prevent corruption in Indonesia.

Descriptive qualitative research methodology is used to identify the patterns of corruption with reference to Principal Agent and benefit cost ratio theories in order to observe the propensity of people who work in government institutions to engage in corrupt activities. This research examines 3 forms of corruption, namely: Mercenary Abuse of Power, Discretionary Abuse of Power and Ideological Abuse of Power.

The results of this research indicate that of the three forms of corruption, Mercenary Abuse of Power is the most frequent form of corruption followed by Discretionary Abuse of Power and Ideological Abuse of Power. Calculations indicate a benefit cost ratio of $B/C > 1$ which means that a person working in a government institution is likely to engage in corruption. It is recommended that the government strengthen existing legislation, particularly in respect of recovering stolen assets. The government should also provide education on the dangers of corruption by engendering a culture of anti-corruption, and additionally the government must increase budgetary transparency.

Keywords: Principal-agent, final judgement, patterns of corruption, benefit-cost ratio.