

Practical Perspective of E-Procurement And Fraud Detection on Public Sector Organization

Dodi Hardinata¹, Kamaludin², Slamet Widodo³, Fadli⁴

¹Doctoral Program in Management Science, Faculty of Economics and Business, University of Bengkulu Indonesia.

²Doctoral Program in Management Science, Faculty of Economics and Business, University of Bengkulu Indonesia.

³Master of Management Program, Faculty of Economics and Business, University of Bengkulu Indonesia.

⁴Master Program in Accounting, Faculty of Economics and Business, University of Bengkulu Indonesia.

Email: hardinata29@gmail.com, kamaludin@unib.ac.id, swidodo@unib.ac.id, fadli02031973@gmail.com

Abstract— Purpose - This paper aims to clarify the study of corruption in the procurement of goods/services in public organizations studied through the anthropological and democratic dimensions which are too broad in scope and cannot withstand the main substance in the discussion of specific corruption in public organizations. Another objective is to build a model for implementing e-Procurement in Indonesia so that it can play an optimal role in reducing the risk of corruption. The method used in this research is a qualitative method with structured interviews which are used as data collection techniques. Interviews were conducted with 14 informants consisting of elements from the KPK, LKPP and Vendors. The design of a method of procuring goods/services that is appropriate and credible is one solution to reduce the risk of corruption, which begins with the process of procuring government goods/services. The e-Purchasing method with the e-Catalogue mechanism without negotiation with vendors is a tangible form of selecting the method of procurement of goods/services which is considered to be very supportive of efforts to prevent corruption in Indonesia, because it can directly limit corrupt behavior in public organizations. Fraud in the procurement of government goods and services starting from budget planning can be minimized by implementing e-Budgeting, e-Planning, and e-Procurement so that there is no longer any budget planning processes that are irrelevant to the needs of the national mid-term plan or government work plans on an annual scale. Fraud in PBJ planning can be minimized with the help of a system in the form of LPSE technology with the e-Purchasing method through the non-negotiation e-Catalogue mechanism. This paper discusses sensitive issues related to corruption in the procurement of goods/services. This study also explains the operational construction of the e-Procurement implementation model in Indonesia so that it can play an optimal role in reducing the risk of corruption.

Keywords- *Fraud, Procurement, Behavior, Public Organization, e-Purchasing, e-Catalogue.*

1. INTRODUCTION

The terms "arisan lelang"¹ and "perusahaan bendera"² in the fraud of goods/services procurement are still used as a mode of Fraud in Indonesian public organizations. The government continues to improve the management of goods/services procurement to further optimize efforts to prevent fraud. The study of fraud in the procurement of government goods/services in public organizations cannot be studied with a broad anthropological and democratic approach alone, but more specifically it is still very interesting to study

¹ The term used to identify the mode of fraud based on the stages of fraud based on the perpetrator, which is defined as the arrangement of the winner of the auction in rotation.

² The term used to identify the mode of fraud based on the stages of fraud based on the perpetrator, namely the arrangement of auction winners who are only borrowed by other companies to assist or to become winners.

through the lens of individual behavior in more depth in public organizations, which some practitioners call the fraud mode. The purpose of the procurement of government goods and services is to improve governance that is not yet fully functioning. Since 2004 the ministries/institutions/regional work units/agencies that have stumbled on fraud cases handled by KPK until 2019 were 205 cases of fraud crimes. The total percentage up to 2019 reached 20,34% which is directly handled by the KPK of the Republic of Indonesia. The management of goods/services procurement from 2004 to 2019 did not show any indication of changes in the system towards more maximum fraud prevention due to many inhibiting factors, which some experts say are at several levels. Tella, (1994) explains that "the level of rents in general, and market structure in particular, determines the level of fraud in the economy".

Reform of the procurement of anti-corruption goods/services in public services since 2009 has progressed very rapidly until 2019 specifically due to the support of many stakeholders, including the national crypto agency, financial and development supervisory agency, KPK, higher education, partnership, millennium challenge corporation. and the United States agency for international development, the Asian Development Bank and the Government of South Korea (LKPP, 2009). Support from various stakeholders makes the implementation of the procurement of goods/services easier for adoption by LPSE used by ministries/institutions/regional devices throughout Indonesia as a means to implement the process and stages of procurement of goods/services with an e-Procurement system that is more dominant in procurement management. The implementation of e-Procurement in general is not only supported by the availability of human resources, but must also be supported by network infrastructure, hardware, supporting software and other facilities that also need to be maintained (LKPP, 2009). Corruption at the stage and process of procuring goods and services can damage the economic structure of the country. Vadera (2007) in his research also explained that in addition to destroying the economic structure of the state, corruption can damage the social order by misusing authority for personal gain.

Discussion of corruption in the procurement of goods/services in public organizations in a broad sense complicates the efforts of the government, society and procurement practitioners to formulate strategies for coordination, supervision and prevention of corruption. One of the literature obtained from the KPK in implementing corruption prevention is to broaden the public's understanding that corruption is better to be prevented than to prioritize prosecution. Procurement management is more focused on preventing corruption by prioritizing management control functions from the perspective of supervision in public organizations. Corruption prevention, if examined from a broader dimension with an anthropological and democratic approach, will be difficult to implement in practice because it is at the level of a public organization. The study of behavior to understand corruption in public organizations is currently considered very relevant. One of the KPK efforts to prevent corruption in the goods/services procurement sector is to encourage changes in the management of goods/services procurement from the e-Tendering method to the e-Purchasing method with the e-Catalogue mechanism without negotiation.

2. LITERATURE REVIEW

Corruption from a general perspective

Corruption has basically occurred in all political systems, in fact in almost every level of government. Furthermore Caiden (2014) describes the origin of the word that "the word corruption means something spoiled ; something sound that has been made defective, debased and tainted; something that has been pushed off course into a worse or inferior form " ³. In a further sense, corruption is likened to something that has been pushed off course to a worse or lesser form. A person who has committed corruption is considered as a person who has gone off the path to a worse or lower path in social life.

³ Caiden (2014, page 5), explains that :) Fraud has been found in all political systems, at every level of government, and in the delivery of all scarce public goods and services. 2) Fraud varies in origin, incidence and importance among different geographical regions, sovereign states, political cultures, economies and administrative arrangements. 3) Fraud is facilitated or impeded by the societal context (including international and transnational influences) in which public power is exercised. 4) Fraud has multitudinous causes, assumes many different patterns and guises and cannot be accurately measured because of its often indeterminate and conspiratorial nature. 5) Fraud is deeply rooted, cancerous, contaminating, and impossible to eradicate because controls tend to be formalistic, superficial, temporary and even counter-productive. 6) Fraud is directed at real power, key decision points and discretionary authority. It commands a price for both access to decision-makers and influence in decision-making.

Corruption according to law number 31 of 1999 concerning eradication of corruption crime is: "any person categorized as against the law, commits an act of self-enrichment, benefits himself or another person or a corporation, misuses his authority or opportunity or means available to him because a position or position that can harm the state finances or the country's economy (Republic of Indonesia, 1999)". Furthermore, according to Law Number 20 of 2001 concerning the eradication of corruption crime, it explains that corruption is "an act against the law with the intention of enriching oneself, others, or corruption which results in detrimental to the state or the country's economy (Republic of Indonesia, 2001)".

Typology of corruption

Alatas (1987) divides 7 (seven) types of corruption, including 1) Transactive corruption, pointing to a reciprocal agreement between the giver and receiver, for the benefit of both parties, 2) Extortive corruption, pointing out that there is coercion on the giver to bribe in order to prevent losses that are threatening him, his interests or things that he appreciates, 3) Investive corruption is the provision of goods or services without any direct connection with certain profits, other than the imagined profit. will be obtained in the future, 4) Corruption of kinship (nepotistic corruption), is an illegal appointment of a friend or relative to hold a position in the government, or acts that give preferential treatment contrary to the prevailing norms and regulations, 5) Corruption defensive (defensive corruption), is a victim of corruption by extortion. Corruption is in the context of self-defense, 6) Autogenic corruption is corruption committed by a person, 7) Supportive corruption is corruption that is used to strengthen existing corruption.

From a management perspective, Caiden (1988) explains that there are several administrative reform strategies, namely: (a) privatization and coproduction, handing over the authority to supply public goods and services to the private sector ; (b) debureaucratization, cutting the complicated bureaucratic structures and procedures for efficiency and effectiveness of governance ; (c) reorganization, rearranging public organizations according to their main duties and functions (tupoksi) to make them more flexible; (d) effective public management, improving managerial processes in public organizations to be more effective in carrying out their functions; and (e) Value for money, eliminating activities that are not important, which can spend the budget.

Corruption is one type of bureaucratic pathology

Meanwhile Siagian (1994) explains that there are 5 (five) categories of bureaucratic pathology, including:

1. Pathologies that arise due to perceptions and managerial styles of officials within the bureaucracy, such as: abuse of authority and position, perceptions on the basis of prejudice, obscuring problems, accepting bribes, conflicts of interest, tending to maintain the status quo, empire building, luxurious luxury; play favor ; fear of change, innovation, and risk, fraud; arrogance, indifference to criticism and suggestions, unwillingness to act, fear of making decisions, blaming others, unfairness, intimidation, lack of commitment, lack of coordination, lack of creativity, lowest credibility, lack of imaginative vision, envy, nepotism, indiscriminate action rational, acting outside of authority, paranoid, patronage, reluctance to delegate, ritualism, aversion to responsibility, and xenophobia.
2. Pathology caused by the lack or lack of knowledge and skills of the executing officers of various operational activities, such as: inability to describe leadership policies, inaccuracy, complacency, acting without thinking, confusion, unproductive actions, lack of development capacity, quality of work results. low, superficiality, learning disabilities, inaccurate actions, incompetence, indecision, disorderly, irrelevant action, doubt, lack of imagination, lack of initiative, low ability, unproductive work, untidy and stagnation.
3. Pathologies that arise due to the actions of members of the bureaucracy who violate legal norms and prevailing laws and regulations, such as: fattening costs, receiving bribes, dishonesty, corruption, criminal acts, fraud, kleptocracy, fictitious contracts, sabotage, incorrect bookkeeping, and theft.
4. Pathology that is manifested in the behavior of bureaucrats that are dysfunctional or negative, such as: acting arbitrarily, pretending to be busy, coercion; conspiracy, fear, degradation, disrespect; discrimination, dramatization, difficult to reach, indifference, indiscipline, rigid, inhumane, insensitive, disrespectful, indifferent, misconduct, misplaced spirit, negativism, neglect of duty, low responsibility,

lethargy, paparazzi, carry out activities that are irrelevant, prioritize self-interest, suboptimal, imperative of the jurisdiction, unprofessional, unfair, beyond authority, vested interest, and waste.

5. Pathologies that result from internal situations in various government agencies, such as: inappropriate placement of goals and targets, social obligations as burdens, exploitation, unresponsiveness, underemployment, inappropriate motivation, inadequate remuneration, inadequate working conditions adequate, incompatible work, absence of performance indicators, miscommunication, misinformation, too heavy workload, too many employees, a system of favoritism, unclear goals, uncomfortable working conditions, inappropriate facilities and infrastructure, and changes in attitude the sudden.

The five categories of bureaucratic pathology are more focused on the behavior of members of the bureaucracy who violate legal norms and legislation in force for the analysis of cases of government procurement of goods and services. The emphasis used in the five categories of bureaucratic pathology in this study is corruption in public organizational structures.

Business ethics

Ethics in business can also be interpreted as a knowledge of ideal procedures in business organizations by taking into account the norms and morality that apply universally, economically, and socially. Every company must and implement ethics that pay attention to, for example, obeying applicable laws and regulations. Some of the ethical principles are as follows: honesty in communication and promises, having commitment and fulfillment, having integrity, and having loyalty. Business ethics is a specialized study of right and wrong morals. Studies related to business ethics. Business ethics recognizes the term "need a good network" which consists of the following components: (1) acting in good faith, sharing honest objectives and participating in legitimate activities, (2) sharing information, knowledge and resources mutually and even with gratification, (3) serving with justice in asymmetric power relations, (4) exercising a positive ethical influence in the network (Mele, 2010).

According to Mele (2010), one focus on business ethics is acting in good faith, sharing honest goals, and participating in legitimate activities. Apart from good faith in business another important focus is serving with fairness in asymmetric power relations. Serving with justice is the main rule of the game in business ethics because by applying the principle of fairness, fraud in business will also be minimized properly. In the procurement of goods and services, business ethics must be the main basis for which vendors must agree on. One of the modes of fraud in the procurement of goods and services is triggered by vendors who do not comply with the rules of the game in business ethics. Forms of unethical behavior in business practices include (1) bad faith or abuse of trust, (2) opportunism, (3) abuse and misuse of power, (4) network cronyism, (5) networking as disguised bribery, and (6) cooperating in the wrongdoing of other actors of the network. The article concludes with some remarks about the role of ethics in social networks (Mele, 2010).

Mccarthy et al., (2012) explained in their research entitled "a stakeholder approach to the ethicality of bric-firm managers' use of favors" there is a role for culture in business ethics. The culture of bribery is described as part of individual behavior in organizations. Business ethics are the principles and standards that determine acceptable behavior in business organizations, while social responsibility is a business obligation to optimize positive influences and minimize negative impacts on society. Business ethics is closely related to individual and group decisions that society evaluates as truth or vice versa, while social responsibility is a broader concept and concerns the impact of business activities on the whole society. Furthermore, related to business ethics, Pertiwi and Ainsworth, (2020) provides an opinion that corruption is the main interest in business ethics but its meaning is often considered "to be self-evident and universal". In the 1990s, corruption was seen as a disease, and democracy was the cure. From 2000 to 2011 experience with democracy led to the discussion that democracy does not cure corruption but causes it to spread. Meanwhile, from 2012 to 2014 democracy was built on the philosophy of "democracy was constructed as a valued end in its own right, but needed protection from corruption in order to survive" (Pertiwi & Ainsworth, 2020).

Implementation of e-Procurement in several countries

One of the standards for the procurement of goods/services that supports the prevention of corruption is the procurement of goods/services which is implemented electronically. The implementation of e-Procurement has been widely studied, among others, by Hui et al., (2011) who explained the results of the study that one of the common complaints made by contractors in the procurement process is the prevalence of interference from outside parties and cronyism, which affects the awarding of contracts. Procurement officers are blamed for malpractice and non-compliance with procurement system policies and procedures. Furthermore, research by Ibem et.al., (2018) explains the results of the study that the level of use of different e-Procurement technology, barriers to absorption and factors that affect the adoption of e-Procurement by industrial organizations greatly influence the successful implementation of procurement in organizations in the Nigerian building industry. Research on industrial organizations has a different dimension to e-Procurement research in the public sector of government. Altayyar and Kerridge, (2016) research explains the results of research with different dimensions, which are related to nine external factors that are relevant to the adoption of e-Procurement in Saudi Arabian's SMEs, namely : "government support, own postal addresses and delivery services, providing secure and trustworthy online payment options, low cost and high speed internet connection, IT-related educational programs, supplier's willingness and readiness to participate or exert pressure, competitor's pressure, policy and regulations and Business and national culture of the country ".

Other e-Procurement research conducted by Daoud and Ibrahim, (2017) explains that e-Procurement applications are assumed to be influenced by the technological context (relative advantage, compatibility and complexity), organizational context (organizational readiness, top management support and information systems committee), and environmental context (competitive pressures and regulations). Furthermore, the results of research by Antonio Aguiar Costa et al which explain that the level of entity administration affects the implementation of e-Procurement, which is also influenced by the innovation adoption process (Costa et al., 2013). Sambasivan et al., (2010) provide an overview in research on perceived usefulness, perceived ease of use, service assurance by service providers, service provider responsiveness, facilitation conditions, web design (quality of service) are closely related to the intention to use an electronic procurement system. Another function of e-Procurement implementation is a positive and significant relationship with the concept of usability, ease of use, and trust when democratic governments in developing countries seek to combat corruption in public procurement (Neupane et al., 2012).

Research by Fee and McIlroy (1998) explains that government interference in electronic commerce must be minimal, and in general according to Teo et al., (2009) in his research it explains that firm size, top management support, perceived indirect benefits, and business partner influence positively and significantly related to e-Procurement implementation. The process of procuring goods and services that is not transparent is a potential for corruption that is difficult to control. Research by (Liao et al., (2003) explains that in the government sector, procurement is sometimes a source of corruption, scandal and misuse of public resources. Apart from unqualified personnel, transparency of the procurement environment is another source of problems in procurement procedures, e-Procurement helps the procurement process to avoid the risk of corruption to a minimum.

One of the studies that made Indonesia the object of discussion is research conducted by Choi et al., (2016) which recommended that e-Procurement implementation improvement through modification of the e-Government road map is needed to narrow the gap between design and reality, so as to achieve the goal of e-Procurement. -Government and pursuing the full benefits of the mature e-Government condition in Indonesia. Gunasekaran et al., (2009) focus on the results of research which found the fact that e-Procurement focuses on acquiring resources, especially maintenance, repair and operation items, and the increasing number of materials and components. Research that is already at the stage of further e-Procurement implementation, is research conducted by Junqi Liu et.al who has studied green public procurement which is one of the environmental policy tools that are important for sustainability (Liu et al., 2018), and more unique, research conducted in United State by Percy and Parker (2008) which focuses more on the study that the most important benefit of e-Procurement is its ability to facilitate integration within companies and across supply chains. One of the studies that explains that government procurement

is more efficient, transparent, non-discriminatory, and accountable is the research conducted by Liao and Wang (2002) which looks at the role of statutory regulations in the implementation of e-Procurement in Taiwan.

Hermawati and Mas (2017) focus more on explaining e-Procurement in their research in terms of public procurement procedures which are more likely to be supported by 2 (two) laws, namely public procurement law and public procurement contract law. Hermawati and Mas (2017) prioritizes public procurement with a legal approach and its application to procurement contracts law. Hermawati and Mas (2017) research is intended to provide broad information that state-level procurement of goods and services must be supported by law-level regulations in order to provide strict sanctions for violations in the procurement of government goods and services in the public sector. In general, the regulation of procurement regulations at the level of law is the basis for a firm implementation because the law contains the main substance that regulates sanctions for procedural violations committed by actors in government procurement of goods and services. The overall implementation of e-Procurement changes the way businesses buy goods, because most products and services are obtained using electronic data exchange and the internet, the implementation of e-Procurement is inevitable in both manufacturing and services (Gunasekaran and Ngai, 2008).

The e-Procurement application conducted by the United Nations (UN) is focused on routine and non-strategic purchase transactions (Gunasekaran and Ngai, 2008). The challenges of implementing e-Procurement in the government sector are not only related to software integration, data management and launch strategies, but also legal and administrative procedures, IT infrastructure, outsourcing contracts and IT skills (Aman and Kasimin, 2009). Aman and Kasimin (2009), prioritizes software integration, data management and launch strategies with legal and administrative procedures so that the integration of the procurement system is more comprehensive and integrated. IT infrastructure, outsourcing contracts and IT skills are also the supporting factors for the successful implementation of the three overall software integration, data management and launch strategies with well-implemented legal and administrative procedures. An important variable for the successful adoption of e-Procurement is to address the internal service quality attributes of the e-Procurement process (Croom and Jones, 2007). In general, Croom and Jones, (2007) focused more on the internal service quality attributes of the e-Procurement process. Overall, the implementation of the procurement of goods/services electronically in several parts of the country is an effort to prevent corruption, create an efficient and effective bureaucracy and companies.

3. RESEARCH METHODS

The method used in this research is a qualitative method with structured interviews which are used as data collection techniques. Interviews were conducted with 14 informants consisting of elements from the KPK, LKPP and Vendors. This study uses observation and documents as a data collection technique. Documents are records of past events, can be in the form of writings, pictures, or monumental works of a person.

This study also uses triangulation as a data collection technique. Stainback (1989) explains that "the aim is not to determine the truth about some social phenomenon rather the purpose of triangulation is to increase one's understanding of whatever is being investigated". This study also uses data analysis techniques Miles and Huberman's model. Miles and Huberman (1994), argued that activities in qualitative data analysis were carried out interactively and continued to completion, so that the data was saturated (redundancy).

Findings

The corruption mode is based on the stages in the process of procuring government goods and services.

Corruption at the budget planning stage.

In certain situations, budget planning is the first entry point for fraud in the procurement of government goods and services. After the fraud in budget planning is carried out, the goods and services

procurement committee is free to mark up the unit price of government goods and services procurement up to the stage of manipulating the documents for the receipt of work results. This condition is in accordance with the explanation from the KPK through the SA informant who provided the following information:

“.....PBJ is a state expenditure sector which from the upstream is the budget, many cases in us (in the KPK) find that the budget has not been knocked on by the hammer but has been approved. who will win it and there are already bribes as well, because PBJ is a state expenditure sector, so inevitably must manipulate the budgeting process.....”

Fraud in the process of procuring goods and services is only one part of the follow-up to the conspiracy process in pre-planned budgeting. This condition has been going on for a long time, so the gap for cheating in the implementation of certain project works starts from the planning and budgeting stages. Planning and budgeting that are still not in line at this time still provide opportunities for fraud in contract implementation and ultimately a high risk of corruption in the procurement of government goods and services. Procurement management using the auction method is no longer relevant at this time to become a procurement model that is intended for the delivery of public services in Indonesia because it is considered too risky so that it opens up opportunities for HPS markup, risks in terms of price negotiations and many other fraudulent practices which then end up in manipulation document of receipt of work results that are not in accordance with the procurement work contract. Synchronization between planning and budgeting is one of the solutions to problems at the budget planning stage so as not to open up opportunities for a procurement package bonded system when the state budget/regional budget has not been mutually agreed between the executive and legislative.

The stages of planning the procurement of goods and services

In the planning stages of the procurement of goods/services starting from the HPS markup, technical speches leading to certain vendors, solving certain packages, internal conspiracy in agencies with vendors and conflict of interest with officials of the agency. This information is in line with that conveyed by the SA informant from the KPK as follows:

“.....In some cases, the PBJ planning base mode has already involved deals or collusion with the vendor, there is already a vendor to choose from, there is already document manipulation. Finally, HPS markup, technical spech leads to a particular vendor, by breaking packages, there is also fraud done internally in agencies with vendors, some is done by the vendors themselves or between vendors.....”

In the last few years, fraudulent practices in the planning stages of the procurement package for goods and services still occur and in different patterns and modes. If viewed from the management stage, the planning mechanism in the procurement of goods and services has been done wrong, namely by planning something deliberately so that fraud in the implementation of the procurement of goods and services can be easily carried out.

At the planning stage of government goods and service procurement packages, fraud begins at the HPS markup stage and compiles specifications leading to certain vendors and continues with the breakdown of packages and internal conspiracy in agencies with vendors so that a conflict of interest occurs in companies affiliated with agency officials. The practice of fraud in the planning stage of the goods and services procurement package is a follow-up to the fraud committed at the budget planning stage. At the planning stage of the procurement package for goods and services, the HPS markup is very easy to do because the stages and process of planning for the procurement of goods and services packages can carry out surveys that have been arranged or conditioned to accommodate the payment of project fees at a later date. This condition then causes the stage and process of procuring government goods and services to become a conflict of interest. The solution to this fraud is that the planning for the procurement of goods and services is carried out with strategic steps, including monitoring the unit price and/or the

amount of lump sum needs in the project with a limit on the fair value of items per work item. The indication for HPS markup can be stopped by seeing whether the procurement process for the goods and services has been discounted or not, so that there is no need to benefit yourself and the corporation with the HPS markup technique. This is in line with the concept of Che (2004) in his research which explains the role of corrupt agents who are willing to manipulate the results of a contract proposal using a bribery system. The corrupt agent described not only comes from the bureaucratic structure but also directly comes from the vendor.

Stages of selecting providers of goods and services procurement

Furthermore, in the selection stage, fraud occurs starting from the announcement stage which is made limited, SPSE fraud, for example reducing bandwidth, changing server hours, theft of accounts, manipulating auction documents such as “*arisan lelang*”, same IP address, similar bid documents, “*perusahaan bendera*” (or companies that only borrow by government officials), the selection of winners, internal disputes with vendors and conflicts of interest for companies/private parties affiliated with government officials. This selection stage is the stage to determine the winner in the process of procuring goods/services, so that if the fraud selection stage takes place, the next stage can be continued to the contract implementation stage where fraud can also be easily carried out. This condition is in accordance with the explanation by the SA informant from the KPK as follows:

“.....Account theft is carried out by the LPSE admin but hackers can also do it at the vendor selection stage, but the IP address is the same, for example to facilitate auction gathering, “*perusahaan bendera*” intend to manipulate auction documents to facilitate fraud, not all collusion with vendors with elements of state administrators but cheating is committed also by the vendors themselves, fraud between vendors is still in the context of “*arisan lelang*”, “*perusahaan bendera*”, similar bids are mostly collusion with the government.....”

In the implementation stage it was also mentioned by the work informant that it was not in accordance with specifications to accommodate fraud that had been carried out from the start, namely at the budget planning stage and at the goods/service procurement planning stage.

Stages of selecting goods/services providers, fraud in SPSE are carried out by reducing bandwidth, changing server hours, turning off the server when the provider schedule submits bids, theft of accounts by hackers or SPSE admins, manipulating auction documents with applications, implementing it in the form of social gathering mode. auction, same IP address, similar bid document, “*perusahaan bendera*” illustrated as a form of fraud implementation by only borrowing certain companies that are only for the needs of companions in the procurement of goods/services or acting as a conditioned auction winner, but the implementation is carried out by certain vendors who have already agreed in advance. The practice of fraud in the selection of providers of goods/services has been running for a long time and many of these practices have been processed legally but the *modus operandi* has been strengthened by new references, so that it seems different in the handling of cases, even though the basis of fraud is almost the same as the fraud committed in the -a big case in the previous government procurement of goods/services. Manipulation of tender documents has become a fraudulent practice that can no longer be hidden because the practice is a follow-up to facilitate the stages of fraud in budget planning and planning of government goods/services procurement packages.

Stages of contract execution

At the stage of contract implementation, easy fraud is also carried out, one of which is work that is not in accordance with the specifications in the work contract, manipulation of goods/services handover documents caused by conspiracy between internal agencies and vendors. This condition is in line with what was conveyed by the SBA informant from LKPP as follows:

“.....At the stage of work implementation or contract execution of documents manipulation of the handover of goods and services caused by the conspiracy also occurred in the case notes, in certain cases in Indonesia the work not according to specifications was also part of a form of conspiracy in the stages and processes of procuring goods and services, but how come still get away.....”

The entry point in handling procurement cases is when indications of fraud are found in contract implementation, some items that are procurement items are manipulated to facilitate payment of project fees that have been given starting from the budget planning stage to the contract work implementation stage. The project work package that has been bonded beforehand, makes the stage of selecting a provider of goods/services not in accordance with the rules and in the end, fraud is repeated repeatedly to facilitate conspiracy in the contract implementation stage. The various modes include manipulating documents resulting from the handover of work that are not in accordance with the technical specifications agreed upon by the vendor and the official making the commitment in the contract.

The contract implementation stage is the end of the fraudulent practice in the stages and process of procuring goods/services with a stage-based corruption mode. The management of government procurement of goods/services identifies the stage of contract implementation as one of the final stages that determines the quality of the results of a work that will be produced in a series and stages of the government goods/service procurement process. At the stage of contract implementation fraud is carried out with the mode of work being carried out not in accordance with specifications because the project fee needs to be conditioned, so of course the quality of the goods/services that will be produced is not good, even far from the quality of the actual specifications. This condition is the entry point for legal officers to see whether the project work is in accordance with or not with the pre-determined technical specifications. The steps to facilitate the practice of implementing work that is not in accordance with specifications are the project manager manipulating the documents for the handover of goods/services. Manipulation of handover documents is the most critical stage because it has entered the area of document manipulation of goods/services that will be produced in a government goods/service procurement process. This condition certainly involves many elements ranging from the PA, KPA, PPK, Pokja for the procurement of goods/services, the committee for receiving the work, and other accompanying experts. The contract implementation stage is the most detailed stage where an inspection is carried out if fraud is suspected in the stages and processes of government procurement of goods/services. Real conditions in project work will be seen easily for identification of whether the work is in accordance with specifications and whether the work is done well or vice versa, namely the practice of manipulating the work handover document by the committee for receiving the work.

Overall, starting from budget planning, planning government goods/services procurement packages, selecting vendors or providers of goods/services procurement, to the deadline for implementing the fraudulent scheme contract, seen from the stages in the government goods/service procurement process The budget planning stage is divided into 3 (three) types and forms of fraud, namely projects/packages that have been sold (issued) to vendors before the budget is approved or passed, disputes between the executive and legislature and the private sector, and conflicts of interest of companies/private parties affiliated with executive, legislative/political parties. At the planning stage of the goods/services procurement package, there are 5 (five) main items of fraud, including markup of HPS, technical speeches directed at certain vendors, internal conspiracy in agencies with vendors, conflicts of interest for companies/private parties affiliated with agency officials. There are 6 (six) types of fraud in the stages of selecting vendors or providers, including limited announcements, fraud at SPSE, manipulation of auction documents, manipulation of winner selection, internal conspiracy in agencies with vendors, conflicts of interest for companies/private parties affiliated with agency officials. The final stage is the stage of contract implementation, there are 3 (three) types of fraud, including work not in accordance with specifications, manipulation of handover documents, and internal conspiracy in institutions with vendors or providers.

Overall, the practice of corruption in the stages of government procurement of goods/services has been carried out by inventory which is classified based on 4 (four) stages, which can make it easier for the parties to identify the level of fraud at which level. Massive fraud in procurement management if it is not

supported by the budget planning stage will also not be practiced in the stages and processes of government procurement of goods/services. Fraud is committed with only one stage mode, so the practice of corruption in the procurement of goods/services is also more partial per actor and the impact is not so broad in the management of government procurement of goods/services. The overall mode of corruption can be seen in Table 1.

Table 1. Fraud mode based on stages

Stages	Corruption Mode	The elements involved
Budget Planning	<ol style="list-style-type: none"> 1. Projects / packages have been sold (discounted) to vendors before the budget is approved or approved. Procurement not in accordance with needs (document engineering). 2. Conspiracy between the executive, legislative and private sector (vendors). 3. Conflict of interest of companies / private parties affiliated with the executive, legislative / political parties 	DPR / DPRD, Head of K / L / Pemda (KPA / satker), Ministry of Finance, PPK, Pimpro / Pokja ULP / UKPBJ / LPSE, Entrepreneurs / vendors
Planning of Goods / Services Procurement Packages	<ol style="list-style-type: none"> 1. HPS markup 2. Technical speech refers to a specific vendor 3. The breakdown of certain packages 4. Internal conspiracy with vendors 5. Conflict of interest of companies / private companies affiliated with officials of the agency 	Head of K / L / Pemda (PA / KPA / satker), PPK, Pimpro / Pokja ULP / UKPBJ / LPSE, Entrepreneurs / vendors
Election	<ol style="list-style-type: none"> 1. Limited announcement 2. Fraud on SPSE (for example: lowering bandwidth, changing server hours, shutting down servers, theft of accounts, etc.) 3. Manipulation of auction documents (for example: "arisan lelang", same IP address, similar bid documents, "perusahaan bendera", etc.) 4. Manipulation of the selection of winners 5. Internal conspiracy with vendors 6. Conflict of interest of companies / private companies affiliated with officials of the agency 	PPK, Pimpro/Pokja ULP /UKPBJ/LPSE, Entrepreneurs/vendors
Contract Execution	<ol style="list-style-type: none"> 1. The job does not match the speech 2. Manipulation of handover documents 3. Internal conspiracy with vendors 	PPK, Pimpro / POKJA ULP / UKPBJ / LPSE, PPHP, Entrepreneurs / vendors

Source: 2014-2015, KPK research.

Corruption mode based on actors in the process of government procurement of goods/services.

In the management of government procurement of goods/services in Indonesia, corruption can also be seen from different dimensions based on the actors in the government goods/services procurement process. LKPP classifies the mode of corruption based on the perpetrators in the process of procuring goods /services into 3 (three) groups, namely fraud committed by vendors, fraud committed by collusion between vendors and fraud committed by collusion between government and vendors. In Indonesia, fraud committed by the government and vendors has the most modus operandi and involves the most criminals. In certain conditions, the perpetrators of fraudulent government procurement of goods/services carried out by the government and vendors have many examples of modes which are then carried out massively and repeatedly in ministries, agencies and local governments.

Fraudulent government procurement of goods/services conducted by vendors.

The modus operandi used by the vendor includes hacking the system by practicing disrupting the SPSE system, changing the opponent's bid document and others where the overall fraud is at the level of the SPSE system. Furthermore, the system hack model cheating is carried out with the help of information technology experts sponsored by the vendor. This information technology expert then helps vendors to

commit fraud to the level of changing their opponent's bids in the auction for government procurement of goods and services. The second mode is practiced in the form of cheating work that does not comply with specifications. Fraud in this mode takes advantage of the weaknesses of the budget user, the power of the budget user, commitment-making officials and officials/committees who receive the results of work who have limited knowledge and skills in obtaining the types of goods or services that are auctioned open on the SPSE system.

Fraudulent government procurement of goods/services by collusion between vendors.

Fraud in other modes by collusion between vendors can be seen as a different phenomenon compared to the phenomenon of fraud by a single vendor. Hacking the SPSE system by interfering with the SPSE system, changing the opponent's bid document, etc., was also carried out in the collusion *modus operandi* between vendors. Furthermore, the manipulation of auction documents includes examples such as “*arisan lelang*”, similar bidding documents, “*perusahaan bendera*” and others. The mode of fraud committed by collusion between vendors is a crime that has begun to be structured because there is a practice of “*arisan lelang*” and “*perusahaan bendera*”, with the explanation that the “*perusahaan bendera*” means that the vendors have agreed between them who is the winner of the auction. Then the “*arisan lelang*” is stated in the fraudulent mode of procurement of goods/services carried out by collusion between vendors carried out by the practice of vendors making bids in several goods/service procurement packages by appointing auction winners in turn to trick the government goods/services procurement committee/working group at ULP/UKPBJ. Collins dan Rodriguez (2009) in a previous study explained the justification for corporate involvement in Fraud. The involvement of a vendor or company in Fraud is an unnatural thing, which some experts attribute to business ethics. Unfair competition between vendors has made the company or vendor's position the main agent of Fraud in the stages and processes of procuring goods and services.

Fraudulent government procurement of goods/services conducted by collusion between governments and vendors.

Between structured fraud involving a single vendor or collusion between vendors, collusion between government and vendors is a more massive form of fraud. Fraud committed by collusive government and vendor practices is the most common practice in Indonesia with several *modus operandi*. In terms of the management of government goods/services procurement, there are not many rules being violated, but the practice of fraud starts with packages/projects that have been approved beforehand, either during the budget planning stage or at the goods/services procurement planning stage or at the stage of the supplier or vendor selection process. who is the winner of the auction. The worst practice is collusion involving the executive, legislature and vendors. This practice opens a very wide and wide space for fraud and leads to the arrangement of auction packages that have been conditioned before the stages and processes of vendor selection are carried out.

The practice of conflict of interest also occurs in the corporate/private dimension affiliated with the executive, legislative or political parties. Furthermore, the fraudulent practice between the government and vendors is implemented in the form of HPS markup, solving packages in the planning and budgeting stages and processes or at the planning stage of government goods/service procurement packages. Conspiracy was carried out on the SPSE system, document manipulation, manipulation of the selection of auction winners, manipulation of work handover documents and internal conspiracy in agencies with vendors which led to massive fraud. Based on the identification of the mode based on the perpetrator, the procurement of goods/services has 2 (two) types of Fraud, the first is Fraud based on stages and the mode of Fraud is based on the perpetrator. These types of Fraud are in a different series because the stages of procurement of goods/services are stages that are classified to simplify the boundaries between one process and another. Meanwhile, as seen from the perpetrator, fraud identifies forms of fraud committed by each perpetrator either by a single vendor, collusion between vendors and other vendors and more massive fraud between the government and vendors. Overall, the Fraud modes based on the perpetrators can be seen in Table 2 as follows.

Table 2. Fraud Based on The Perpetrator.

Users	Mode
Fraud committed by vendors	<ol style="list-style-type: none"> 1. Hacking the SPSE system (for example: disrupting the SPSE system, changing the opponent's bid document, etc.) 2. The job does not match the spech
Fraud is committed by collusion between vendors	<ol style="list-style-type: none"> 1. Hack the SPSE system (for example: disrupting the SPSE system, changing the opponent's bid document, etc.) 2. Manipulation of auction documents (for example: "arisan lelang", similar bid documents, "perusahaan bendera", etc.) 3. The job does not match the spech
Fraud is committed by collusion of the Government and Vendors	<ol style="list-style-type: none"> 1. The project / package has been sold (discounted) to the vendor before the budget is approved or approved. Procurement not in accordance with needs (document engineering). 2. Conspiracy between the executive, legislature and the private sector (vendors). 3. Conflict of interest for companies / private parties affiliated with the executive, legislative / political parties. 4. HPS markup 5. Technical spech refers to a specific vendor 6. The breakdown of certain packages 7. Internal conspiracy with vendors 8. Conflict of interest of companies / private companies affiliated with officials of the agency. 9. Limited announcement 10. Fraud on SPSE (for example: lowering bandwidth, changing server hours, shutting down servers, theft of accounts, etc.) 11. Manipulation of auction documents (for example: "arisan lelang", same IP address, similar bid documents, "perusahaan bendera", etc.)

Source: KPK, 2019.

This is in line with Sonin, (2006) research which discusses collusion in the procurement of goods/services by means of fixing bids again before the official opening of bids in the procurement stage. In the reference to the Fraud Eradication Commission, it is stated that it is part of fraud committed by government and vendor collusion, or collusion between vendors and vendors. Information technology channels in the form of e-Procurement can provide easy access to state/regional spending with the concept of "fair" competition. Competition between vendors that is "fair" is closely related to business ethics, one of which is the focus according to Mele, (2010) acting in good faith, sharing honest goals, and participating in legitimate activities. Apart from good faith in business another important focus is serving with fairness in asymmetric power relations. The phenomenon in business ethics, according to Pertiwi and Ainsworth, (2020) is a major interest whose meaning is often seen as "to be self-evident and universal".

Flow of the tender process and stages of corruption intervention

Specifically, the process of procuring goods/services that is implemented electronically still has weaknesses, one of which is that it still opens up opportunities for corruption at the stages of PBJ planning, selection of providers and implementation of PBJ. The mechanism for procuring goods and services through a tender process can be seen in Figure 1 as follows.

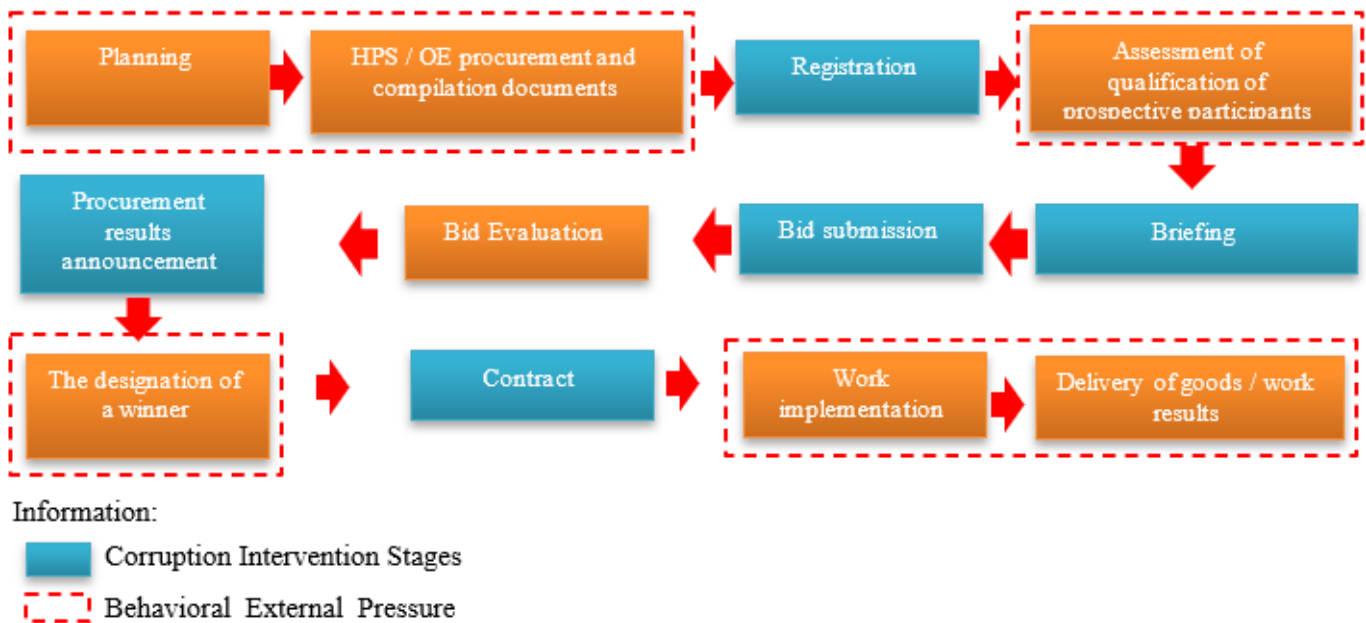


Figure 1. Flow of the tender process and stages of corruption intervention

Source : Research Observations, 2020.

In the workflow of government procurement of goods and services through the tender process, individual behavior in public organizations can be directly intervened through external pressure, starting from the management stages of PBJ planning and preparation of procurement documents and preparation of HPS by intervening state administrators, namely PA/KPA, PPK and At the stage of assessing the qualifications of prospective participants, evaluating the bids, the appointment of the winner of the behavioral pressure intervention is carried out at the level of the goods and services procurement committee or the ULP/UKPBJ working group, while at the implementation level of the individual behavior pressure contract occurs at PA/KPA and PPK until the final stage of handover goods or work results, individual behavior pressure in public organizations occurs on the committee receiving the work results. The tender process in the procurement of an electronic identity card project has a very crucial weakness if it is carried out by the tender or auction method.

4. DISCUSSION ABOUT FRAUD WITH OTHER APPROACHES

Ashforth and Gioia (2008) explains that the development of the theory of Fraud in organizational life is a systemic and synergistic phenomenon. One of the synergies in the development of the theory of Fraud explains the relationship between corrupt behavior and personal greed, some fraud committed by workers with creative patterns, organizational culture factors that also support the occurrence of Fraud patterns in public organizations. Furthermore Cameron et al., (2009) also explain cultural differences in individual decision making in the game of Fraud. Cameron et al., (2009) define culture as the accumulation of individual experiences, shaped by social, institutional, and economic aspects of the environment in which individuals live. In practice, the coordination carried out by elite groups to commit Fraud is carried out with massive planning and is difficult to reveal in the supremacy of state law. Panda (2017) explains that cultural analysis is also a factor that can explain the conflict between individualism and collectivism. In practice, the coordination carried out by elite groups to commit Fraud is carried out with massive planning and is difficult to reveal in the supremacy of state law. Cameron et al., (2005) conducted a study of cross-cultural corrupt behavior which differs from one another. Each country has the characteristics of a different culture of Fraud, including countries that have good tolerance in terms of social control. Cross-cultural studies provide an understanding that subjects in India show a higher tolerance for Fraud than subjects in Australia while subjects in Indonesia behave similarly to subjects in Australia. Subjects in Singapore have a higher tendency to commit Fraud than subjects in Australia.

In certain contexts Bhattacharyya and Hodler (2010) explain that the quality of democratic institutions is closely related to Fraud in a country. The higher the appreciation of democracy in a country, the smaller the risk of Fraud that will occur. This study is certainly very interesting because democracy is an integral part of the upholding of the bureaucratic system in a country. If the study of Fraud that occurs in public organizations requires immediate mitigation in the series of Fraud prevention in Indonesia, the analysis of democracy cannot play a direct role in preventing Fraud, because its dimensions are too broad. Breit, (2011) in his research explained that there are discursiveness in Fraud, including the focus on organizational hierarchy and abuse of power. The abuse of power is a major discussion in Fraud in Indonesian public organizations. The tendency to abuse power is analyzed based on the study of the pathology of the bureaucracy which tends to position individual behavior in the category against the applicable rules in a public organization. Che (2004) in his research, explains the role of corrupt agents who are willing to manipulate the results of contract proposals using a bribery system. The corrupt agent described not only comes from the bureaucratic structure but can also come from the vendor directly. Auriol (2006) in his research emphasized that the procurement of goods/services using an open tender method opens the greatest opportunity for Fraud. Bribery is the main bridge for Fraud in the procurement of goods/services using the open tender method. Furthermore, researchers An & Kweon, (2017) provide a different picture of Fraud prevention by explaining that increasing employee income or salary also aims to reduce the risk of Fraud. The general perception of the public that positions Fraud as an act of behavior that is detrimental to society, especially the poor, is in line with the opinion of Bracking (2007) which emphasizes the discussion that Fraud can damage the social structure of society which is directly detrimental to society.

Furthermore Ganuza (2002) discusses bribery in the procurement of goods/services which allows arbitrary vendors to carry out certain projects. This condition will later have an effect on the quality of the work that will be realized, so that the project work results may not be in accordance with the technical specifications for the procurement of goods/services that have been integrated in the work contract. Cleveland et al., (2010) emphasize the application of strict law in reducing income which is considered immoral and unethical behavior and can damage the economy. Fraud is more dominantly studied through the bribery mode, which is then agreed as deviant and immoral behavior. Overall, Fraud is also seen as a pathology that can damage the economic system of society. Wolfstetter (2006) offers technology assistance to reduce the opportunity for Fraud in the procurement of goods/services. The role of technology is considered important, because procurement management can be formulated with a design that closes more opportunities for deviant behavior in the procurement of goods/services. Rowley, (2017) prioritizes the role of supervising law that will reduce the occurrence of corrupt practices in procurement. In addition to the role of technology that can reduce the risk of Fraud in the procurement of goods/services, the role of legal supremacy is also the main line of eradicating Fraud on a broader scale. Pradhan (1999) explains that the bad things about corrupt practices in the bureaucracy, one of which is that it can damage the investment order in the country's economy. Some researchers also explain that agents of Fraud in the legislative level are more predominantly carried out by individuals who are male, this is in line with the explanation of Esarey and Bayer (2019) in his writing entitled "estimating causal relationships between women's representation in government and fraud", which explains that corruptors tend to be dominated by perpetrators who are male. Unique research but rationality can justify several hypotheses put forward in Fraud research.

Kocsis (2017) explains that the highest level of Fraud in procurement is a single bid in a competitive market and the combined score of tenders known as "red flags". Furthermore Fisman and Svensson (2007) explain the different dimensions of fraud practices, including the negative influence between tax rates and bribery practices in the economic growth of companies. Bribery affects the growth of companies that are the main actors in fraud. Gorsira et al., (2018) in their research emphasizes organizational and individual factors together to form Fraud, and the role of the organizational ethical climate plays a central role in triggering Fraud through individual motives. Overall, it is explained that there is an influence of organizational ethical climate in triggering Fraud in public organizations or corporate organizations. Overall a single bid is part of the monopoly of the procurement system and results in unfair competition

between procurement vendors. Furthermore, the practice of Fraud is believed to greatly affect the growth of the company, and what is not interesting is that organizational ethics plays a major role in triggering opportunities for Fraud in the organization. Huang, (2015) examines Fraud in a broader dimension, including the study of the impact of Fraud on the country's economic growth. The research was conducted in 13 countries which provided information that Fraud had succeeded in damaging the structure of economic growth in each of the countries that were the object of the study. Jancsics and Jávör (2017) in a study entitled "corrupt governmental networks" explains dancing in which elite groups have a tendency to commit fraud consciously by designing and coordinating a fraud plan that involves many people. Sonin (2006) then discusses studies related to collusion in the procurement of goods and services and at the same time clarifies the relationship between bribery behavior and abuse of authority in the procurement of goods/services. Lennerfors (2017) explains 4 (four) different theoretical philosophies about Fraud, first the understanding of the perpetrators of Fraud, second, "explaining how a person is socialized into Fraud", the third Fraud is built on philosophy and argues that Fraud is a decline from ideals. and the fourth one is "inspired by psychoanalysis and explains why Fraud is often externalized and seen as a feature of other people, companies, sectors, and countries". Soreide (2008) provides a description of information that fraud has an impact on reducing the quality of products and services provided.

The topic of behavior in organizations is still very relevant to discuss in the reference to Fraud because in substance the study of fraud is closely related to organizational behavior. Efforts to prevent Fraud in the procurement of government goods/services if studied too broadly through anthropological, cultural and democratic approaches will be ambiguous, because they are too general to be able to touch the substance. In principle, corrupt behavior in the procurement of government goods/services is closely related to the study of organizational behavior which in practice is often subject to external structural pressure on individuals and groups in the organizational structure for implementing government procurement of goods/services. Based on the concept presented by Liao et al., (2003) it is explained that in the public sector procurement is sometimes a source of Fraud, scandal and misuse of resources. Apart from unqualified personnel, the transparency of the procurement environment is another source of problems in procurement procedures. Based on the concept of Liao et al., (2003) it can also be explained that unqualified goods/service procurement resources lead to goods/services procurement resources that tend not to have integrity in the stages and processes of government procurement of goods/services whose behavior is easy to intervene. by external parties both within the organization and by parties external to the organization.

The second factor besides external pressure on individuals and groups in the organizational structure, individual intervention in the organization occurs with a pattern of giving "iming-iming"⁴ or promises to give something or something in return on the basis of committing certain corrupt behavior by technically using the authority of the position or authority. as state administrators and state officials in the form of bribery. The solution offered to maximize efforts to prevent Fraud is to limit organizational behavior so as not to commit deviant actions in the procurement of goods/services, including a commitment to have a more credible and accountable procurement method using the e-Purchasing method through the e-Catalogue mechanism. Ease of access to undertake umbrella contracts in the process of building a procurement system with an e-Catalogue mechanism that is both regional and local in nature, currently there is very limited demand in K/L/PD. The e-Purchasing method with the e-Catalogue mechanism tends to be built after the occurrence of Fraud cases such as cases of procurement of medical devices and medicines, cases of procurement of motorized vehicles and interestingly, a system for e-Catalogue procurement of blank card signs has been built. electronic population after causing state losses of 2,3 Trillion in 2011-2013 (KPK, 2017). In the practice of implementing the e-Purchasing method with the e-Catalogue mechanism without negotiation, presenting audit data from the Financial Audit Agency which explains in detail that the risk of Fraud in the procurement of goods/services is almost non-existent. Wolfstetter (2006) offers technology assistance to reduce the opportunity for Fraud in the procurement of goods/services. Furthermore, Wicaksono (2017) explains that e-Catalogue is a model that has many system advantages in terms of implementation, especially a series of activities for efforts to prevent Fraud.

⁴ According to the Big Indonesian Dictionary "Iming-Iming" is something to persuade (captivate the heart), a charm.

5. CONCLUSION

Fraudulent government procurement of goods/services begins with a budget planning stage with a Fraud mode based on the stages identified in the research that begins with a project or work package that has been sold in advance (approved) to vendors before the budget is approved or approved, procurement is not in accordance with needs (engineering documents), conspiracy between the executive, legislative and private sector (vendors), conflict of interest of companies/private parties affiliated with the executive, legislative/political parties and continued at the planning stage of government goods and service procurement packages identified fraud with HPS markup, technical speech leads with certain vendors, solving certain packages, internal conspiracy in agencies with vendors, conflict of interest for companies/private parties affiliated with officials of the agency. At the stage of selecting goods and services providers or vendors, fraud occurs in the form of auction document manipulation (for example: "arisan lelang", "perusahaan bendera"), manipulation of winner selection, internal conspiracy in agencies with vendors, conflict of interest for companies/private affiliates. with officials of the agency. The fraudulent condition in the procurement of goods and services at the election stage makes the electronic identity card project package even more irresponsible. Furthermore, at the management stage of contract implementation in the electronic identity card project, fraud occurred in the form of work not in accordance with specifications, manipulation of work handover documents, internal conspiracy in agencies with vendors.

The Fraud modes identified based on the perpetrators committed by vendors include hacking the system by practicing disrupting the SPSE system, changing the opponent's bid document and others where the overall fraud is at the level of the SPSE system. Furthermore, the system hack model cheating is carried out with the help of information technology experts sponsored by vendors. This information technology expert then helps vendors to commit fraud to the level of changing the opponent's bid in the auction for government procurement of goods and services. The second mode is practiced in the form of cheating work that does not conform to specifications. Fraud in this mode takes advantage of the weaknesses of the budget user, the power of the budget user, the commitment making official and the official/committee receiving the results of the work who have limited knowledge and skills in obtaining the types of goods or services that are auctioned open at SPSE.

Fraud in other modes by collusion between vendors can be seen as a different phenomenon compared to the phenomenon of fraud by a single vendor. Hacking the SPSE system by interfering with the SPSE system, changing the opponent's bid document, etc. was also carried out in the collusion *modus operandi* between vendors. Furthermore, the manipulation of tender documents with examples such as "arisan lelang", similar bid documents, "perusahaan bendera" and others. The mode of fraud committed by collusion between vendors is a crime that has begun to be structured because there are practices of "arisan lelang" and "perusahaan bendera" with the explanation that "perusahaan bendera" means that between vendors has agreed between them who is the winner of the auction. Then "arisan lelang" is stated in the fraudulent mode of procurement of goods and services carried out by collusion between vendors, carried out by the practice of vendors making bids in several goods and service procurement packages by appointing auction winners in turn to trick the committee/working group for government procurement of goods and services at ULP/UKPBJ.

Between structured fraud involving a single vendor or collusion between vendors, collusion between government and vendors is a more massive form of fraud. Fraud committed by collusive government and vendor practices is the most common practice in Indonesia with several *modus operandi*. The management of government procurement of goods and services from the stage side has not violated many rules but the fraudulent practice starts with packages/projects that have been approved beforehand, either during the budget planning stage or at the planning stage for procurement of goods and services or at the stage of the supplier or vendor selection process who is the winner of the auction. The worst practice is collusion involving the executive, legislature and vendors. This practice opens a very wide and wide space for fraud

and leads to the arrangement of auction packages that have been conditioned before the stages and processes of vendor selection are carried out.

The practice of conflict of interest also occurs in the corporate/private dimension affiliated with the executive, legislative or political parties. Furthermore, the fraudulent practice between the government and vendors is implemented in the form of HPS markup, solving packages in the planning and budgeting stages and processes or at the planning stage of government goods and service procurement packages. Conspiracy was carried out in the SPSE system, document manipulation, manipulation of the selection of auction winners, manipulation of work handover documents and internal conspiracy in agencies with vendors which led to more massive fraud. Corrupt behavior in the procurement of government goods/services is closely related to the study of organizational behavior, which in practice often receives external structural pressure on individuals and groups in the organizational structure for implementing government procurement of goods/services. Another factor of external pressure on individuals and groups in the organizational structure is individual intervention with a pattern of giving "iming-iming" or promises to give something or something in return for committing certain corrupt behavior by technically using their authority in the form of bribery. The practice of implementing the e-Purchasing method with the e-Catalogue mechanism without negotiation, presents data on the audit results of the financial audit agency which explains in detail that the risk of Fraud in the procurement of goods/services is almost non-existent. Implementation of the e-Purchasing method with the e-Catalogue mechanism at current values as the best preventive measure in limiting the opportunities for corrupt behavior in the procurement of goods/services.

Acknowledgments : The author gives his highest appreciation to the 3 promoter teams at the Doctoral Program in Management Science, Faculty of Economics and Business, University of Bengkulu-Indonesia, who have provided many references for the preparation of papers.

6. BIBLIOGRAPHY

- Aditya Pandu Wicaksono, D. U. and F. A. (2017). The Implementation of E-Procurement System : Indonesia Evidence. SHS Web of Conferences 34 10004 (2017) doi: 10.1051/Shsconf/20173410004, 10004(7).
- Alatas. (1987). Korupsi Sifat Dan Fungsi, 14–37. Retrieved from Jakarta. LP3ES.
- Altayyar, A., & Beaumont-Kerridge, J. (2016). External Factors Affecting the Adoption of E-procurement in Saudi Arabian's SMEs. *Procedia - Social and Behavioral Sciences*, 229, 363–375. <https://doi.org/10.1016/j.sbspro.2016.07.147>.
- Aman, A., & Kasimin, H. (2009). E-Procurement implementation : a case of Malaysia government. *Journal Transforming Government: People, Process and Policy*. <https://doi.org/10.1108/17506161111173586>.
- An, W., & Kweon, Y. (2017). Do Higher Government Wages Induce Less Corruption ? Cross-Country Panel Evidence. *Journal of Policy Modeling*. <https://doi.org/10.1016/j.jpolmod.2017.03.001>.
- Angappa Gunasekaran, Ronald E. McGaughey, Eric W.T. Ngai c, B. K. R. (2009). E-Procurement adoption in the Southcoast SMEs. *International Journal of Production Economics*, 122(1), 161–175. <https://doi.org/10.1016/j.ijpe.2009.05.013>.
- Auriol, E. (2006). Corruption in Procurement and Public Purchase. *International Journal of Industrial Organization*, 24, 867–885. <https://doi.org/10.1016/j.ijindorg.2005.11.001>.
- Bhattacharyya, S., & Hodler, R. (2010). Natural resources, democracy and corruption. *European Economic Review*, 54(4), 608–621. <https://doi.org/10.1016/j.euroecorev.2009.10.004>.
- Blake E. Ashforth, Dennis A. Gioia, S. L. R. and L. K. T. (2008). Re-Viewing Organizational Corruption. *Academy of Management Review*, 33(Nomor 3), 670–684.
- Bracking, S. (2007). Corruption and Development (The Anti-Corruption Campaigns). (Sarah Bracking, Ed.) (Palgrave S). England: Customer Services Department, Macmillan Distribution Ltd, Houndmills, Basingstoke, Hampshire RG21 6XS, England. Retrieved from Palgrave Macmillan.
- Breit, E. (2011). Discursive contests of corruption : The case of the Norwegian alcohol monopoly. *Culture and Organization*, 17(1), 47–64. <https://doi.org/10.1080/14759551.2011.530744>.

- Caiden, G. E. (2014). Toward a General Theory of Official Corruption, August 201. Asian Journal of Public Administration. <https://doi.org/10.1080/02598272.1988.10800195>.
- Cameron, L., Chaudhuri, A., Erkal, N., & Gangadharan, L. (2005). Do Attitudes Towards Corruption Differ Across Cultures? Experimental Evidence from Australia, India, Indonesia and Singapore, (2004).
- Cameron, L., Chaudhuri, A., Erkal, N., & Gangadharan, L. (2009). Propensities to engage in and punish corrupt behavior : Experimental evidence from Asutralia, India, Indonesia and Singapore. Journal of Public Economics, 93(7–8), 843–851. <https://doi.org/10.1016/j.jpubeco.2009.03.004>.
- Che, R. B. and Y. K. (2004). Competitive procurement whit corruption. The Rand Jurnal of Economics, 35(1 (Spring, 2004)), 50–68. Retrieved from <http://www.jstor.org/stable/1593729>.
- Choi, H., Jae, M., Jeung, J., & Zo, H. (2016). Rethinking the assessment of e-government implementation in developing countries from the perspective of the design – reality gap : Applications in the Indonesian e-procurement system. Telecommunications Policy, 1–17. <https://doi.org/10.1016/j.telpol.2016.03.002>.
- Cleveland, M., Favo, C. M., Frecka, T. J., & Owens, C. L. (2010). Trends in the International Fight Against Bribery and Corruption. Journal of Business Ethics, (2009), 199–244. <https://doi.org/10.1007/s10551-010-0383-7>.
- Collins, J. D., & Rodriguez, P. (2009). Why Firms Engage in Corruption : A Top Management Perspective. Journal of Business Ethics (2009), 87, 89–108. <https://doi.org/10.1007/s10551-008-9872-3>.
- Costa, A. A., Arantes, A., & Valadares Tavares, L. (2013). Evidence of the impacts of public e-procurement: The Portuguese experience. Journal of Purchasing and Supply Management, 19(4), 238–246. <https://doi.org/10.1016/j.pursup.2013.07.004>.
- Croom, S., & Brandon-jones, A. (2007). Impact of e-Procurement : Experiences from Implementation in the UK Public Sector, 1–14. Journal of Purchasing & Supply Management (2007).
- Daoud, L., & Ibrahim, M. (2017). A conceptual model of factors affecting e-procurement usage among Jordanian firms. IJRDO-Journal of Business Management, 3(10), 1–19.
- Dawn H. Percy, Delvon B. Parker, L. C. G. (2008). Using Electronic Procurement to Facilitate Supply Chain Integration: An Exploratory Study of US-based Firms. American Journal of Business, 23(1), 23–36. <https://doi.org/10.1108/19355181200800002>.
- Erridge Ruth Fee, A., & McIlroy, J. (1998). European Union public procurement policy and electronic commerce: Problems and opportunities. European Business Review, 98(5), 252–259. <https://doi.org/10.1108/09555349810231726>.
- Esarey, J., & Schwindt-bayer, L. A. (2019). Estimating Causal Relationships Between Women’s Representation in Government and Corruption. Comparative Political Studies. SAGE., 1–29. <https://doi.org/10.1177/0010414019830744>.
- Fisman, R., & Svensson, J. (2007). Are corruption and taxation really harmful to growth? Firm level evidence. Journal of Development Economics, 83, 63–75. <https://doi.org/10.1016/j.jdeveco.2005.09.009>.
- Ganuzza, M. C. and J.-J. (2002). Corruption and competition in procurement. European Economic Review, 46, 1273–1303. Retrieved from www.elsevier.com/locate/econbase.
- Gunasekaran, A., & Ngai, E. W. T. (2008). Adoption of e-Procurement in Hong Kong : An empirical research, 113, 159–175. Int. J. Production Economics 113 (2008) 159–175. <https://doi.org/10.1016/j.ijpe.2007.04.012>.
- Hermawati, A., Mas, N., Hermawati, A., & Mas, N. (2017). Critical Factors That Influence E-Procurement Implementation Success In The Public Sector. Journal Of Public Procurement, Volume 6, Issues 1 & 3, 70-99. <https://doi.org/10.1108/EL-01-2017-0019>.
- Huang, C. J. (2015). Is corruption bad for economic growth? Evidence from Asia-Pacific countries. North American Journal of Economics and Finance, (100), 1–10. <https://doi.org/10.1016/j.najef.2015.10.013>.
- Hui, W. S., Othman, R., Omar, N. H., Rahman, R. A., & Haron, N. H. (2014). Procurement issues in Malaysia. International Journal of Public Sector Management, 24(6), 567–593. <https://doi.org/10.1108/09513551111163666>.

- Ibem, E. O., Aduwo, E. B., Uwakonye, U. O., Tunji-Olayeni, P. F., & Ayo-Vaughan, E. A. (2018). Survey data on e-Procurement adoption in the Nigerian building industry. *Data in Brief*, 18, 823–826. <https://doi.org/10.1016/j.dib.2018.03.089>.
- Jancsics, D., & Jávör, I. (2017). Corrupt Governmental Networks. *International Public Management Journal*, 7494(July). <https://doi.org/10.1080/10967494.2012.684019>.
- Junqi Liu, Benshan Shia, Jinjie Xue, Q. W. (2018). Improving the green public procurement performance of Chinese local governments: From the perspective of officials' knowledge. *Journal of Purchasing and Supply Management*, (111), 0–1. <https://doi.org/10.1016/j.pursup.2018.05.002>.
- K.Vadera, R. V. A. and A. (2007). The Dark Side of Authority : Antecedents, Mechanisms, and Outcomes of Organizational Corruption. *Jurnal of Business Ethics*, Springer., 77, 431–449. <https://doi.org/10.1007/s10551-007-9358-8>.
- Kocsis, M. F. and G. (2017). Uncovering High-Level Corruption : Cross-National Objective Corruption Risk Indicators Using Public Procurement Data. *Journal of Politics*, 1–10. <https://doi.org/10.7910/DVN/6XYZOD>.
- KPK. (2017). Laporan Tahunan KPK 2017.pdf.crdownload.
- Lennerfors, T. T. (2017). Corruption Maximizing Socializing, Balancing and Orthering in The Handbook of Business and Corruption. *Emerald insight*. <https://doi.org/https://doi.org/10.1108/978-1-78635-445-720161003>.
- Liao, S., Cheng, C., Liao, W., & Chen, I. (2003). A web-based architecture for implementing electronic procurement in military organisations, 23, 521–532. [https://doi.org/10.1016/S0166-4972\(02\)00006-8](https://doi.org/10.1016/S0166-4972(02)00006-8)
- LKPP. (2009). e-Procurement sebagai Inovasi Pelayanan Publik.
- Madelijme Gorsira, Linda Steg, A. D. and W. H. (2018). Corruption in Organizations : Ethical Climate and Individual Motives. *Administrative Sciences*. <https://doi.org/10.3390/admsci8010004>.
- Mccarthy, D. J., Puffer, S. M., Dunlap, D. R., & Jaeger, A. M. (2012). A Stakeholder Approach to the Ethicality of BRIC-firm Managers ' Use of Favors. *Journal of Business Ethics*, 109, 27–38. <https://doi.org/10.1007/s10551-012-1377-4>.
- Mele, D. (2010). The Practice of Networking : An Ethical Approach. *Journal of Business Ethics*, 90(2009), 487–503. <https://doi.org/10.1007/s10551-010-0602-2>.
- Miles, M. B., & Huberman, M. a. (1994). Qualitative data analysis: An expanded sourcebook. *Evaluation and Program Planning*. [https://doi.org/10.1016/0149-7189\(96\)88232-2](https://doi.org/10.1016/0149-7189(96)88232-2).
- Neupane, A., Soar, J., & Vaidya, K. (2012). Evaluating the anti-corruption capabilities of public eprocurement in a developing country. *Electronic Journal of Information Systems in Developing Countries*, 55(1), 1–17. <https://doi.org/10.1002/j.1681-4835.2012.tb00390.x>.
- Panda, C. J. and B. (2017). Individualism and Corruption : A Cross-Country Analysis. *Economic Papers. The Economic Society of Australia*, 1–15. <https://doi.org/10.1111/1759-3441.12163>.
- Pertiwi, K., & Ainsworth, S. (2020). “ Democracy is the Cure ?”: Evolving Constructions of Corruption in Indonesia 1994 -2014. *Journal of Business Ethics*, (2005), 1995–2005. <https://doi.org/10.1007/s10551-020-04560-y>.
- Republik Indonesia. (1999). Undang-Undang Nomor 31 Tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi, 1–30. Retrieved from Lembar Negara Republik Indonesia Nomor 3874. Sekretariat Negara. Jakarta.
- Republik Indonesia. (2001). Undang-Undang Nomor 20 Tahun 2001 tentang Perubahan Atas Undang-Undang Nomor 31 Tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi, 1–12. Retrieved from Lembar Negara Republik Indonesia Nomor 134. Tambahan Lembar Negara Republik Indonesia Nomor 4150. Sekretariat Negara. Jakarta.
- Rowley, M. D. R. and C. (2017). Future directions for research into corruption and anticorruption practice. *The Changing Face of Corruption in the Asia Pacific*. Elsevier Ltd. <https://doi.org/10.1016/B978-0-08-101109-6.00025-3>.
- Sambasivan, M., Wemyss, G. P., & Rose, R. C. (2010). User acceptance of a G2B system: A case of electronic procurement system in Malaysia. *Internet Research*, 20(2), 169–187. <https://doi.org/10.1108/10662241011032236>.

- Sanjay Pradhan. (1999). The Impact of Corruption on Investment: Predictability Matters. *World Development*, 27(6), 1059–1067. Retrieved from www.elsevier.com/locate/worlddev.
- Siagian, S. P. (1994). *Patologi Birokrasi : Analisis, Identifikasi dan Terapinya*. Ghalia Indonesia Jakarta.
- Sonin, A. L. M. and K. (2006). Collusive Market Sharing and Corruption in Procurement. *Journal of Economics & Management Strategy*, 15(4), 883–908. Retrieved from Blackwell Publishing.
- Soreide, J. S. and T. (2008). Corruption in emergency procurement. *Journal Compilation*, 32 (Published by Blackwell Publishing), 516–536. <https://doi.org/doi:10.1111/j.0361-3666.2008.01053.x>.
- Susan Stainback, W. S. and. (1989). Using Qualitative Data Collection Procedures to Investigate Supported Education Issues, 14(1975).
- T.S. Liao, M.T. Wang, H. P. T. (2002). A framework of electronic tendering for government procurement: A lesson learned in Taiwan. *Automation in Construction*, 11(6), 731–742. [https://doi.org/10.1016/S0926-5805\(02\)00013-4](https://doi.org/10.1016/S0926-5805(02)00013-4).
- Tella, A. A. and R. Di. (1994). Rents, Competition, and Corruption. *The American Economic Review*, Volume 89(1993), 982–993.
- Teo, T. S. H., Lin, S., & Lai, K. (2009). Adopters and non-adopters of e-Procurement in Singapore : An empirical study, 37, 972–987. *Omega*. <https://doi.org/10.1016/j.omega.2008.11.001>.
- Wolfstetter, Y. L. and E. (2006). Corruption in Procurement Auctions (Vol. 2006). *Handbook of Procurement*. Dimitri, Piga, and Spagnolo (eds.), Cambridge University Press, 2006 (forthcoming).