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The Story of Rising Corruption Post-Village Government Reform - A View of Three Theories: Fraud, Managerial Hegemony, and Culture

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Abstract

Research aims: This study investigates how corruption increased in the Indonesian village governments following village governance reform by ratifying the New Village Law of 2014. Also, the current research identifies gaps that trigger corruption.

Design/Methodology/Approach: Three theories, i.e., fraud hexagon, managerial hegemony, and cultural dimensions, were employed as points of view. Due to investigation purposes, a qualitative approach is considered the most suitable method for this study. Hence, the interview was employed as data collection. The data were then analyzed using a deductive thematic analysis approach.

Research findings: The results showcased that aside from personal interests, corruption occurred to crowd campaign financing for the head village election by the incumbent. The corruption types could be the embezzlement of village funds and village-owned enterprise funds and the establishment of ghost (fictitious) villages. The results also identified some factors triggering graft corruption scandals, namely poor governance practices, including accountability, transparency, and valid administration; the excessive authority of actors (village heads) in holding and managing village money; lack of participation mechanism.

Practical and Theoretical contribution/Originality: To tackle corruption in the village government, strengthening proper good governance practices must be tightened, not merely as ritual or ceremonial. In addition, discussions of three theoretical perspectives, fraud, managerial hegemony, and culture, are presented in this paper.

Keywords: Village Government; Governance; Reform; Corruption

Introduction

Corruption cases are still a significant issue in the management of state finances. Most corruptions occur in developing countries, where Indonesia ranked 102 out of 179 (Transparency International, 2020). The high number of corruption cases at many government levels in Indonesia is often a problem that raises the pros and cons of decentralizing the management of state finances. This lengthy debate also took place as new law about village governance reform was proposed. Since Indonesian Law No. 6 of 2014 concerning Villages (labeled as New Village Law) was ratified, village governance in Indonesia has changed dramatically.

Because of this regulation, villages become a fourth autonomous region in Indonesia government level stratification below central, province, and regency government. Consequently, the village got autonomy, independence, and a right to regulate and manage government affairs and the local community interests. As a new autonomous region, villages that meet specific requirements reserve a particular fund of around one billion rupiahs (equivalent to about 71,439 US dollars) per year transferred from the Central Government funds (Budget State). In Indonesia, this amount is considered substantial, especially for villagers, though it seems small when viewed by international standards. According to the Ministry of Finance of Indonesia report, village funds allocated increased every year from IDR 20.67 trillion (2015), IDR 46.98 trillion (2016), IDR 60 trillion (2017), IDR 60 trillion (2018), to IDR 70 trillion (2019). The amount is around 3 to 3.3% of Indonesia's total state revenue budget (Sofyani et al., 2022). Besides, the villages also receive additional budgets from provincial and regency governments and local own-source revenues. Thus, the accumulation of funds owned by the village can be said to increase significantly today. This full autonomy granted to villages is expected to spur rapid village growth and swiftly achieve social welfare at the village level. However, corruption scandals can be a stumbling block to this end.

Given that Indonesia is one of the most corrupt countries in the Association of Southeast Asian Nations (ASEAN) countries and even in the world, many parties, primary politicians, and academics believe that new village funds, as regulated by New Village Law, have opened a new field of corruption and inefficiency of state finance at the village level if the implementation is not followed by proper good governance practices (Yuliastina et al., 2021). This concern was evident in many corruption cases in several village governments after the New Village Law was issued. Corruption has also harmed Indonesia by around 40.6 billion rupiahs (equivalent to 2.9 million US dollars) from 2015 to 2018, with 181 total cases (Sofyani et al., 2022). Moreover, the Indonesia Corruption Watch reported that in 2019, the village budget was the sector with the highest corruption, with 46 cases and a state loss of around 32.3 billion rupiahs (equivalent to approximately 2,227,586 US Dollars) (Indonesia Corruption Watch, 2019). It signifies that state losses are getting bigger by corruption cases of village funds.

In accounting studies, the issue of fraud (including corruption) is examined several times from different perspectives. However, most of them were underpinned by using the theory of fraud. On the other hand, Cohen et al. (2008) suggested that the issue of governance dilapidation, which triggers corruption, should also be viewed from another perspective, such as managerial hegemony. Meanwhile, Seleim and Bontis (2009) noted that culture potentially promotes organizational fraud. Nevertheless, the study of fraud with the views of these two theories, managerial hegemony and culture, is still lacking. Yet, while most studies explored the corruption or fraud issues in companies (Halbouni et al., 2016; Putri, 2018; Zakaria et al., 2016), not-for-profit organizations (Holtfreter, 2008; Kummer et al., 2015), and central and local governments (Abdullahi & Mansor, 2018; Maulidi, 2020; Nawawi & Salin, 2018; Sumartono et al., 2020), research related to corruption in lowest government level, such as village government, receives lack attention by academics. In addition, related studies about village government after village governance reform have focused more on the issue of good governance (see: Munti &

Fahlevi, 2017; Nafidah & Anisa, 2017; Pratolo et al., 2020; Sofyani et al., 2018; Triyono et al., 2019), village performance (Nasution & Amalia, 2021; Sofyani & Ardiyanto, 2022), and village-owned enterprises development (Badaruddin et al., 2021; Suryanto et al., 2022; Yaya et al., 2022), instead of exploring how and why corruption scandals in many village governments are happening continuously until today. This issue is highly crucial to address. To meet these gaps, this study, therefore, investigates how and why the village governments grew up to be corrupt institutions in Indonesia now. To do so, this study formulated the following research questions:

***RQ₁:** How did the corruptions happen in the Indonesian village government after the village governance reform?*

***RQ₂:** What are the key factors triggering the corruption scandals after village governance reform?*

This study employed a qualitative method by interviewing several key informants from some villages in Yogyakarta and Kalimantan Provinces, Indonesia, which reported corruption of village funds. Further, this study provides practical recommendations to regulators and relevant parties by explaining real corruption forms and critical factors that should be considered to prevent corruption at the village government level through good governance corroboration. In addition, the findings of this study can be used as insight for other countries into potential corruption scandals during an early stage of autonomy implementation on the village level. Lastly, this study contributes to the body of knowledge by extending discussion related to corruption (fraud) in the lowest government-level context, namely the village, explored using three different theories, i.e., fraud, managerial hegemony, and culture.

Literature Review

One of the popular theories used in investigating corruption from accounting or auditing perspectives is fraud theory, initiated by Cressey (1953) with the fraud triangle concept. In this study, fraud theory was employed as a grand theory and basis for data analysis since it is one of the most frequently referred to in studies related to corruption and fraud. However, other theories, i.e., managerial hegemony by Kosnik (1987) and cultural dimensions by Hofstede (2011), were also utilized in this study. Those theories were referred to because the current researchers argue that there are potential associations among those theories for explaining corruption scandals in Indonesian villages.

Further, the fraud theory has experienced rapid development, starting from the fraud triangle, diamond, pentagon, and hexagon. It is inseparable from the increasing number of fraud cases occurring and the motive for the scandal. The Association of Certified Fraud Examiners (ACFE, 2018) reported that fraud has grown over time. It is recorded that, until 2020, 2,504 real occupational fraud cases were occurring in 125 countries (Association of Certified Fraud Examiners, 2020). Moreover, a fraud triangle concept was utilized initially to determine someone's actions when committing fraud. It consists of three: pressure,

rationalization, and opportunity (Cressey, 1953). However, over time, factors underlying fraud have turned into a fraud diamond, with four main points proposed by Wolfe and Hermanson (2004), where capability is an additional aspect. The fraud pentagon introduced by Crowe (2010) then added arrogance as the fifth condition triggering fraud. Lastly, Vousinas (2019) initiated an updated development of the fraud theory, i.e., the fraud hexagon (Figure 1), stating that the underlying fraud aspects consist of six, whereby collusion is promoted as the sixth aspect.



Figure 1 The Fraud Hexagon Model
Source: Vousinas (2019, p. 379)

The explanation of the sift fraud motive based on the fraud hexagon is detailed as the following:

- 1) **Stimulus (pressure):** The perpetrator is currently committing a crime driven by the pressure that can come from financial needs, declining financial targets, an urgent family economy, and others. Thus, it might encourage the perpetrator to dare to steal an organization's cash or asset (Cressey, 1953).
- 2) **Ego (arrogance):** It is an attitude of superiority that causes greed in people who believe internal control does not apply personally. It is because someone feels higher than the other parties (Crowe, 2010).
- 3) **Rationalization:** At this point, the perpetrator justifies or feels that the fraudulent activity is acceptable. This behavior is based on the perpetrator's feeling that they have significantly contributed to the organization to be motivated to take advantage based on the thought that it is okay as long as they work correctly (Cressey, 1953).
- 4) **Opportunity:** When there is a gap or weakness in the organization's internal control and supervision, it might encourage someone to commit fraud. This gap can invite fatal things for the company where someone can exploit weaknesses in running internal control to commit fraud (Cressey, 1953; Romney & Steinbart, 2015).
- 5) **Collusion:** It refers to an agreement that deceives a party, where the party being deceived is two or more people, while one party aims to take another action for some unfavorable purpose, such as defrauding a third party of its rights (Vousinas, 2019).

- 6) Capability (competence): It is defined as an ability or one's advantage in taking advantage of the circumstances surrounding the perpetrator, i.e., where this ability is more directed at situations to deceive the internal control system into legalizing things prohibited in an organization (Wolfe & Hermanson, 2004).

Furthermore, managerial hegemony theory argues that boards are a legal fiction controlled by management (Mace, 1971). This instrumental view sees management as increasing domination due to the weakness of shareholders' exercise of ownership and control, for instance, where shareholders are dispersed or passive, and management is self-serving (Hendry & Kiel, 2004; Kosnik, 1987). Given the power owned by management within the organization, the board plays a supportive role at best, or at worst, agency issues are dominant, and the board's role is to certify management actions merely, whereas management will resist a more substantial role for the board (Zhang, 2015). Cohen et al. (2008) also highlighted that managerial hegemony could trigger the onset of governance problems in organizations, especially when a management with very strong power can lead to the election of a supervisory board, for example, an audit committee. In such a condition, the audit committee would be like a toothless "paper tiger" (Cohen et al., 2008), and then potential corrupt behavior might emerge (Sofyani et al., 2022). Further, in many universities in Indonesia, Sofyani et al. (2022) noted that a condition where internal auditors are under management pressure to authorize certain transactions for which the budget is not clearly used is highly likely to become the trigger of corruption. Another study also found that CEO structural power partially influenced the likelihood of financial statement fraud (Zainal & Muhamad, 2014).

Apart from the two theories above, the cultural dimension is also suspected to be associated with corruption, especially uncertainty avoidance, as described by Hofstede (2011). Here, people in cultures with high uncertainty avoidance will try to minimize the occurrence of unknown and unusual circumstances and proceed with careful changes step by step by planning and implementing rules, laws, and regulations (Hofstede, 2011). In contrast, people with low uncertainty avoidance have a high tolerance for uncertainty, ambiguity, and risk-taking. For them, the unknown is more openly accepted, with lax rules, regulations, and others. Additionally, low uncertainty avoidance societies have characteristics such as using informality in interactions with others, being less orderly and keeping fewer records, relying on informal norms for most matters, less calculating when taking risks and showing only moderate resistance to change. Yeganeh (2014) found that communities with high uncertainty avoidance dimensions were associated with corrupt behavior. On the other hand, the opposite value, namely the low uncertainty avoidance dimension, tends to inhibit corruption. The result is in line with Callen et al. (2011) that the higher the uncertainty avoidance, the higher the earnings management practice carried out by managers. Nevertheless, these results contradict Guritno et al. (2020) that the high dimension of uncertainty avoidance in developing countries tends to mitigate corruption because the environment applies strict regulations to reduce uncertainty. Departing from this inconsistent prior study results, it is crucial to investigate this issue further, especially in different settings, i.e., village government, where society's characteristics differ from those of urban areas. In this case, the village is characterized by high communal culture, low expectations, and low democratic participation in

government. By so doing, this research presents a new insight into corruption at the lowest level of government examined from a cultural perspective.

Using three theories mentioned as the lens, this study explores how, why, and what factors triggered the increase in corruption scandals after village governance reform.

Research Method

This study used a qualitative method by conducting interviews with some key informants. The interview explored some issues related to the research questions: (1) How did corruption happen in the Indonesian village government? (2) What factors triggered the corruption scandals? This research was conducted in four villages in the Yogyakarta Special Region Province and one in Kalimantan Province, Indonesia. Village governments located in these provinces were chosen as the research subjects due to corruption scandals. Also, only some villages gave permission to do this research after some permission submission was made.

According to Francis et al. (2010), the sample size for the study using the interview method should be determined by data saturation, which is generally achieved after ten interviews. To meet that requirement, this study involved 13 key informants. Moreover, judgment sampling, one of the purposive sampling techniques, was used in selecting research informants. Judgment sampling consists of the choice of experts to provide the information required to answer the research questions (Sekaran & Bougie, 2016). As such, the involved informants in the current study included a district staff (DS) with the task of supervising the village government, two village assistants (VA1 and VA2), four heads of village governments (HV1 to HV4), a head of village unit (HVU), and five head of sub-villages (HSV1 to HSV5). All villages and informant's names were anonymous in secrecy and confidentiality, as the current researchers agreed before the interview was conducted. In addition, it is essential to note that the informants were chosen based on voluntary consent and signed a consent form for evidence of their willingness. The interviews were then done face-to-face and lasted between 40-60 minutes. All interviews were recorded utilizing an audiotape with agreement from all informants.

Furthermore, the deductive thematic analysis proposed by Braun and Clarke (2006) was employed to analyze data. Specifically, such a method is used to identify, analyze, and report patterns or themes in the data. The steps include coding, grouping into categories, finding the main ideas, grouping them into themes, and then finding general patterns of a tendency found from the data (Braun & Clarke, 2006). In the deductive thematic analysis approach, the themes used as a basis for analyzing data are determined in advance by referring to the underlying theory. It differs from the inductive thematic analysis approach, where the themes of research findings are found when data analysis is carried out (Patton, 1990). In this study, the themes were set to refer to the fraud hexagon theory proposed by Vousinas (2019) as the latest version of fraud theory development. Specifically, the current study investigated whether fraudulent practices were associated with the six aspect points promoted in the hexagon fraud theory, including pressure,

opportunity, rationalization, capability/competence, ego/arrogance, and collusion. Additionally, managerial hegemony (Kosnik, 1987) and cultural dimensions (Hofstede, 2011) were referred to as other theories explaining corruption scandals in the village. To ensure the data's validity and reliability, double-checking the transcript's results was conducted to guarantee that no errors were made during the transcription process (Creswell, 2012).

Result and Discussion

To provide a brief overview of the governance structure of the village bureaucracy, a typical organizational structure of villages in Indonesia is presented in Figure 2. Simply, the village head is directly elected by the village community through village election. At the same time, the village community also elects members of the Village Consultative Council (VCC) as the judiciary (parliament) whose job is to oversee the village government as the executive regarding programs, activities, and managerial performance. However, many villages in Indonesia directly involve the community in executing village programs and activities. It aims as a form of transparency and public participation (Sofyani et al., 2018). Thus, supervision is not only the task of the VCC. In the next section, this paper describes the findings following RQs formulated.

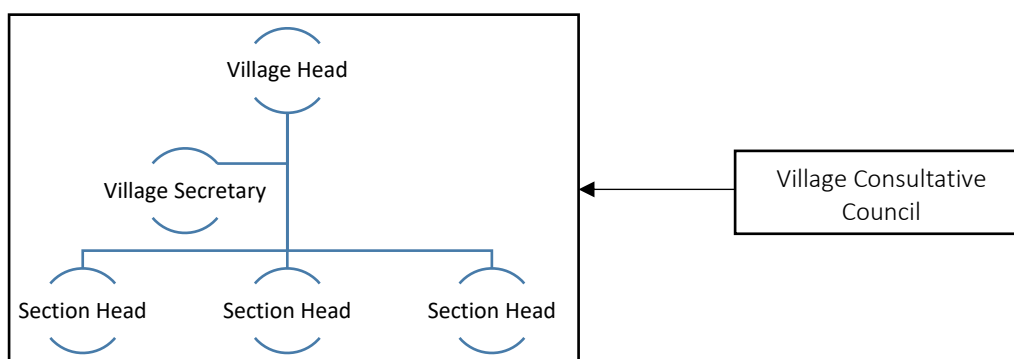


Figure 2 General Organizational Structure of Village Government in Indonesia

Referring to the applicable regulations in Indonesia concerning the village, the village community directly elects the village head through a village general election. In contrast, the village structure is appointed by the elected village head. Furthermore, the VCC members are selected based on the mechanism established in each village. Therefore, each village in Indonesia has its specific election procedure. However, two common procedures include direct election or appointment from village leaders meeting results. Besides, the task of the VCC is to convey the community aspirations to the village government orally and in writing, submit a draft Village Regulation under its authority, monitor and evaluate the village head performance, and request information regarding the village government administration to the village government.

How did corruption happen in the Indonesian village government after the village government reform? (RQ1)

The interview results revealed that corruption did not occur only after the New Village Law era but long before. Many reported corruption cases were the aftermath of the village government's increasingly tighter supervision after the village government received village funds that were transferred from the central government budget. In other words, actually, corruption has been going on for a very long time in the village, and it has become a "tradition" (VA2 and DO). VA2, who worked for some villages in Kalimantan, claimed:

“Actually, corruption in the village has been around for a long time. It is just that since the village governance reform, the supervision from the top, regency, and central government levels has become more stringent. Now, the village is completely audited. Thus, the corruption that occurs is increasingly exposed. There was also much corruption in the past, but because of weak supervision and no audit, it was not revealed to the public.” VA2

A similar opinion was also conveyed by DO, which worked to assist villages in Yogyakarta. She reported:

“Actually, corruption in this village has been around for a long time, sir. However, only recently came to light....” DO

Moreover, it was found that the forms of corruption are usually uniform, i.e., village money for (village head) personal interest (DO and VA1, VA2, HVU) and generally for purchasing assets, such as vehicles, houses, and lands (VA2, HSV1, HSV3, HSV5). The corruption occurred after the village received village funds, where the actor (corruptor) was primarily the village head. Apart from assets, the informants also suspected corruption connected with village heads or legislatures' elections at the regency level (All HSV informants). The form of corruption was the use of village funds for campaign purposes in general elections. VA1 said:

“The corruption is very vulgar, sir. So, yes, to buy land, motorbikes, and others. Thus, people are suspicious; why did the village head suddenly become rich? It then triggers reporting by certain parties to the authorities dealing with corruption.” VA1

In addition, HVU stated:

“In the past, our village head was arrested for corruption because of preparations for the village head election. Hence, he used village money for campaign purposes.” HVU

Furthermore, corrupt practices in the village are also planned. It was organized by creating a "ghost village" (VA2). Ghost village refers to the term where this village exists physically and administratively, but this village is not inhabited. This ghost village's creation aimed to have a certain amount of money transferred from the central government to this ghost village. However, to which bank account and to whom this money was transferred remains unclear.

“... there is also corruption where they (the perpetrators) plan to create a fictitious village. Because here is far from the central government (Jakarta), supervision is rather weak. Thus, the central government did send money (village funds from the central government) to the village. Nevertheless, I do not know how the details can happen. What is clear is that the administration of the regency government (which also oversees the village) is weak. How could something like that happen? It is strange to me. The regency government should have data that can verify the villages in the regency, whether the village exists.” VA2

Finally, corruption also occurs with the mode of establishing village-owned enterprises. Since the granting of village autonomy, this policy has been followed by instructions from the Ministry of Village, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia to encourage villages to establish village-owned enterprises. This policy aims to make villages and rural communities business literate and subsequently will be able to become a source of new economic strengthening at the village level. However, village-owned enterprises establishment has become an opportunity for corruptors to carry out their actions. Money that should have been used for the village-owned enterprises' establishment and development has been corrupted several times by village-owned enterprises managers and village heads for personal gain (HV4).

“Corruption in this village also occurred during the formation of village-owned enterprises. Since everything is immature and the governance is also weak, the perpetrators use it to corrupt village money allocated to establish village-owned enterprises.” HV4

In the next section, this paper describes the factors found in the field that triggers corruption in the village after the village governance reform.

What factors have triggered the corruption scandals after village government reform? (RQ2)

Based on the interviews, some informants argued that the corruption in the village, both before and after the New Village Law, was triggered by deplorable governance practices, i.e., accountability and transparency (HV1, HV2, and VA1). These resulted in weak control from higher authorities, such as regency and provincial governments, and the community regarding the village funds management practices. Additionally, the absence of a financial statement audit also added to the weakness of governance practices. HV1 claimed:

“In the past (when the village head carried out the village fund corruption case), village financial reports were not disclosed and not transparent. Therefore, the villagers did not know how much village money was owned and used. On the other hand, you know that if village people are not given space for participation, they will be passive. They were just silent. In such conditions, it was free to interfere with village money.” VH1

In addition, HV3 stated:

“In the past, there was no audit from the financial audit agency. Now (since village governance reform in 2014), we (the village government) have been audited, even though

it is in the form of sampling. Thus, several villages have their turn to be audited. Hence, it also makes the village head must be careful in managing village funds today." VH2

Even the VA1 informant said that until today (when the interview was conducted), several villages fulfilled their accountability by copy-pasting reports from other village governments. When the researchers asked about transparency, VA1 replied that it was limited to covering the village's weakness in terms of accountability. This situation indicates the poor practice of village governance even though governance reforms have been carried out. VA1 argued:

"Even today, there are several villages; I do not need to mention their names for confidentiality. It is a copy-paste performance report from a neighbouring village whose reports are good... the submission of reports is only for a limited number of parties, of course, to the regency because it is mandatory. For the public, it is constrained, and it is too brief. For example, it was not disclosed for a long time on the village billboard." VA1

On the other hand, corruption also occurs because the village head's position in the village government is powerful (DO and VA1). From interview results, it was uncovered that the corruption practice began when the elected village head used the political power they gained to influence and regulate financial governance in the village. Even though there is a VCC stipulated as the overseer of the village head, this institution seems helpless because, in several villages, the members of such a body are a crony of the village head itself. It is because the selection of members has been arranged in such a way, and possibly, if explored further, there is potential for money politics games. Such situations then triggered what the current researchers called "village dynastic politics." This condition has also triggered rampant fraud in the village government (DO and VA1).

"In some villages, there are powerful dynastic politics. The incumbent village head usually has strong power, and in the election, he will form a successful team to be re-elected. If elected, the village apparatus would be recruited from the success team. The work program is also carried out only touching the successful team, families, and sympathizers. In fact, somehow, they also determine the members of the VCC. Thus, the party that should oversee and monitor the village head only becomes a stamp, confirming what the village head has done. Later, after her husband becomes the village head, in the next period after the term of office ends, the chosen ones are his wife, his son, his cronies, and others." DO

Furthermore, due to the village community's nature that tends to submit to people considered figures or leaders, in this case, the village head, there was no criticism directed to the village government. This condition is sometimes motivated by Javanese villagers who try to maintain harmonious familiarity in the village. In fact, however, the execution of village programs was also aimed at colleagues of the village head and ignored non-sympathizers during the election. This situation signals that democracy in some villages has not been ready yet. DO stated that:

"... On the other hand, the problem is that the people here, mostly gentle Javanese, really maintain harmony. Thus, when something does not fit the village head, they only accept it and do not dare to criticize it. Maybe, it is because of the reticence to the village head, who is considered an honourable figure." DO

Besides, villagers' monitoring mechanism does not occur due to a lack of participation mechanisms in many village governments (DO, VA1, VA2, VH1, HV3).

“Participation mechanism in this village (where the DO informant lives) only gives space to certain people, i.e., village head’s sympathizers. Like my friends and me, who are not in line with the village government policies, we are not given space.” DO

Likewise, VA2 argued:

“... community participation is sometimes still poor. It starts with the village head (providing space for participation or not).” VA2

VH1 informant claimed:

“... On the other hand, as you know, if village people are not given space for participation, they will be passive. They were just silent. In such conditions, it was free to interfere with village money.” VH1

Furthermore, from the ghost village case, it can be concluded that corruption occurred due to weak administrative governance from the village level to the district, regency, provincial, and central government levels (VA2). The ghost village case would not occur if the higher authorities had adequately captured the village's existence.

“... However, I do not know how the details (village ghost phenomena) can happen. What is clear is that the administration of the regency government (which also oversees the village) is weak. How could something like that happen? It is strange to me. The regency government should have data that can verify the villages in the regency, whether the village exists.” VA2

Finally, the gaps in corruption in village-owned enterprises occurred because of the weak rule of law when village-owned enterprises establishment was initiated, particularly concerning management and governance rules (VA2, HV4). When some money from village funds was allocated to village-owned enterprises, financial management in village-owned enterprises was separated from the village government. While the rule of law was weak, the money held by village-owned enterprise management could often no longer be traced (HV4). On the one hand, the accountability, transparency, and participation mechanisms in managing village-owned enterprises have not run well in many villages. These situations triggered the emergence of corruption. HV4 informant said:

“Corruption in this village, in the past, also occurred during the formation of village-owned enterprises. Since everything is immature and governance is also weak, the perpetrators use it to corrupt village money allocated for establishing village-owned enterprises... When funds are allocated, it is not easy to trace. Therein lies the weak point. Therefore, detailed rules must be formulated before village-owned enterprises are built.” HV4

Using the Fraud Hexagon theory, the research findings confirm that factors underlying corruption in village government are mainly opportunity, capability, arrogance, and collusion. As stated by Cressey (1953) and Romney and Steinbart (2015), the weakness of

internal control can be an opening for fraud. It can be seen from the deficiency of accountability, transparency, villagers' participation, and administrative practices related to valid village data. In fact, it was found that the accountability practices carried out by a few of the village governments were only copy-paste from the performance reports of neighboring villages. It was exacerbated by the absence of a routine audit mechanism, only sampling. Taking advantage of this weakness, the criminals then stole village money for personal gain. Perpetrator also utilized the loophole of internal control to create a ghost village to transfer village funds. The planned fraud behavior in the formation of the ghost village hinted at the fraud criminals' capabilities, verifying Wolfe and Hermanson (2004). This finding is consistent with Antlöv et al. (2016), arguing that the massive decentralization carried out by the Indonesian government since 2001, despite having a good decentralization goal, has brought weaknesses in the form of weak institutionalization of good governance practices. Then, it opens a gap for corruption at the village level. Even though it is on a small scale, if most villages in Indonesia are corrupt, the accumulation of corruption can cost the country a lot.

On the other hand, the ghost village phenomenon can be associated with uncertainty avoidance, explained by Hofstede (2011), related to cultural dimensions. Uncertainty avoidance refers to how people respond to conditions of uncertainty (Hofstede, 2011). The change in the paradigm of village authority and the provision of village funds that are not yet accompanied by an adequate governance structure and control system in village institutions creates conditions of uncertainty for village officials. Seleim and Bontis (2009) revealed that people with high uncertainty avoidance cultures tend to like institutions with well-established norms, rules, policies, and procedures and respect for formal rules. As Indonesia is a country with low uncertainty avoidance (Mangundjaya, 2013), the uncertainty conditions, such as changes in village governance, seem to be responded to by being accepted as they are by the village community. In addition, when democracy is essentially instilled in the village, the community tends to be unprepared and unfamiliar with stricter bureaucratic rules, such as a participatory and proactive culture in development and supervision. It is further advantageous for villages whose managers are corrupt. The habit of lax rules, in this case, the practice of good governance, has become the forerunner of corruption that continues to occur at the village level. This finding corroborates with Seliem and Bontis (2009) that there is an effect of negative uncertainty avoidance on the level of corruption. In other words, the lower uncertainty avoidance by ignoring necessary regulations to establish, in this case, the change in village governance, the higher the corruption will occur. Yet, this result disagrees with Yeganeh (2014) and Callen et al. (2011) that the higher the uncertainty avoidance, the higher the unethical behavior. Nevertheless, this result aligns with Guritno et al. (2020) that higher uncertainty avoidance in developing countries tends to mitigate corruption because the environment applies strict regulations to reduce uncertainty. Alternatively stated, low uncertainty can trigger corruption occurring in a government institution. These findings, therefore, broaden the fraud theory discussion that the opportunity aspect is associated with a cultural dimension, i.e., the village community's response to uncertainty leads to increased corruption.

Conversely, this research confirms that corruption stems from the village head's great power, leading to the management hegemony in the village government and eventually building up a particular regime. This result verifies Crowe (2010) that the village head's too-strong position has triggered arrogance not to be touched by control procedures. Subsequently, the village head tends to act unethically and corruptly. These results broaden the theory of fraud that the arrogance aspect is associated with the managerial hegemony theory proposed by Kosnik (1987). The managerial hegemony theory suggests that senior management of an organization selects cronies and colleagues who will not confine their actions (Cohen et al., 2008; Patton & Baker, 1987), are willing to be passive participants in the governance process and are dependent on the top management for information and insights about the organization (Cohen et al., 2008; Wolfson, 1984). This condition was met in some villages where the village head only benefited from village government programs for families, colleagues, sympathizers, and voters during elections. Even in government, only colleagues and village head bearers held important positions in the village government, such as the village unit's head and even the VCC. This situation indicates the collusion of village heads in acts of corruption. These results are consistent with Rahman et al. (2018) that social networks in corruption cases in the village government are formed in the government structure. This collusion is dominated by three primary power relationships: family relations, the same professional relationship from religious networks, and relationships with supporter teams in the election. Such a condition then promotes symbolic governance, meeting regulatory requirements rather than substance. Consequently, the organization's internal control functions are limited to ratifying village head behavior, satisfying regulatory requirements, and enhancing village head compensation (Cohen et al., 2008; Core et al., 1999), which sometimes through an illegal or unethical mechanism. This phenomenon may be triggered, once again, by weak supervision by higher authorities.

Furthermore, this study confirms Lestari et al. (2014) in Bali that the village head managed village funds by involving only the village head coalition without opening the community participation. Because of this condition, the potential for corruption is enormous. This study also found that corruption occurs because of the weak governance of village-owned enterprises, especially during the initial formation. This result aligns with Widiastuti et al. (2019) that good governance practices, especially the accountability and transparency of village-owned enterprises in Indonesia, are still weak. Village-owned enterprises have not yet had an excellent internal control design, creating budget inefficiency and fraud opportunities. Additionally, these study results also reinforce Utomo (2015) that the village government was less transparent in managing the village budget and development program and that the community had never known the village budget amount and utilization. Highlighting these findings, the current study proves the fraud hexagon theory that the opportunity to commit fraud stems from weak organizational governance.

From another cultural dimension perspective, Hofstede (2011) corruption in villages can also be related to power distance. Power distance is the extent to which the less powerful members within organizations expect and accept that power is distributed unequally. It has to do with a society's inequality endorsed by the followers as much as by the leaders (Hofstede, 2011). In this study context, power distance in Javanese society is mainly

characterized by hierarchical social values. For example, there is a level of Javanese language and an “*ewuh-pakewuh*” (Javanese) or high reluctance attitude towards elders (the head of the village is an elder in Javanese society). The village head for the village community is also still considered a prestigious status, marked by a dramatic election. The elected village head then has strong power and legitimacy in society, while the community tends to be passive even if they do not obey sometimes. In addition, the low participation of the community in conducting surveillance is a characteristic of a high-power distance culture. Puni and Anlesinya (2017) noted that high power distance is related to disincentives for whistleblowing. Hence, people in high power distance cultures like Javanese tend to remain silent when acts of fraud exist since they are reluctant (high power distance) to maintain harmony (collectivists). Several studies at the cross-country level have revealed that people with high power distance tend to be more corrupt (Davis & Ruhe, 2003; DiRienzo et al., 2007; Husted, 1999). This finding then expands the fraud theory that the arrogance aspect triggering the managerial hegemony phenomenon opens opportunities for corruption when people's culture is a high-power distance, as occurred in Indonesian Javanese villages in particular.

From the findings obtained, the researchers summarized them and labeled them with a theme, as shown in Table 1.

Conclusion

This study explored how and why corruption occurred in the village government after the village governance reform in Indonesia, instructed through New Village Law No. 6. 2014. This study then discovered that village corruption cases were carried out in the misappropriation of village funds and the formation of ghost or fictitious villages. Village fund corruption also occurred during the immature formation of village-owned enterprises. Apart from personal interests, corrupt money was allegedly used for campaign purposes in the general election for village heads and regency legislative members.

Furthermore, weak governance practices, particularly in accountability, transparency, administration, participation, and internal control, have become sources of gaps in corruption scandals in many villages in Indonesia. These weaknesses were because good governance was implemented as merely ritual and ceremonial. It was even uncovered that accountability practices were copied and pasted by several villages to reports made by other villages. This condition has opened the opportunity for corruption, as premised by the fraud theory. In addition, corruption was also triggered by the too-strong power of the village head, where the power was used to form a hostile conspiracy leading to unethical and corrupt practices. From the fraud theory point of view, it is related to the arrogance and collusion aspects. This phenomenon is also relevant to what is described in the managerial hegemony theory proposed by Krosnik (1987) and cultural dimensions by Hofstede (2011). Moreover, due to the weak good governance and the competence of corruption actors, the opportunity aspect has increasingly opened opportunities for corruption scandals when society has low uncertainty avoidance characteristics.

Additionally, the arrogance aspect, which then creates managerial hegemony, also promotes corrupt behavior when the village community has a high-power distance culture. Therefore, from the research findings, strengthening governance practices should concern not merely as ritual or ceremonial. The restructuring of village governance and a democratic culture at the village level also need to be spotlighted to mitigate the village head's ego/arrogance and conspiracy, which can lead to the managerial hegemony phenomenon that eventually leads to unethical and corrupt actions.

Table 1 Findings Summary

RQs	Finding	Theme
How did the corruptions happen in the Indonesian village government after the village governance reform?	<ol style="list-style-type: none"> 1. Corruption in the form of embezzlement of village funds and village-owned enterprises and creating ghost village 2. Corruption is used for self-interest, buying assets, and funding village head elections. 	Sources and uses of corruption funds
What are the key factors triggering the corruption scandals after village governance reform?	<ol style="list-style-type: none"> 1. Lack of accountability, transparency, participation, good administration, and control 2. The powerful village head is accompanied by arrogance, so the participation mechanism is constrained. 3. Characteristics of rural communities that are less demanding of the government 	<ol style="list-style-type: none"> 1. Lack of good governance practices 2. Managerial hegemony 3. Low uncertainty avoidance and high-power distance by villagers

No research without limitations. It should be fairly declared that this study used a weak qualitative approach in terms of its nature's external validity (generalizability). Accordingly, in future studies, it is necessary to research other places with other approaches that can promote more substantial external validity, such as surveys or mixed methods. Finally, this study only focused on discovering how and why corruption occurred in the village government. Thus, further research is vital to find empirical evidence of how accountability, transparency, participation, continuous supervision, and e-monitoring practices should be appropriately implemented to mitigate corruption in village governments.

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