

Patron Client in Political Corruption in Circles South Sulawesi BUMD

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Abstract

Purpose – The aim of this research is to understand the forms and processes of political corruption within BUMDs based on patron-client relationships in placing people in strategic positions in the company.

Method - This research uses secondary data, namely based on the results of the anti-corruption assessment carried out by TI Indonesia. Then carry out a literacy study to draw conclusions and verify.

Result - The political corruption nested within BUMDs in South Sulawesi has had an impact on unsatisfactory performance and achievements, where continuous losses have been found, which is the impact of the recruitment system for BUMD directors which is only based on the politics of retaliation in the regional elections.

Implication – Transparency International (TI) Indonesia in the period December 2022-January 2023 has carried out a Transparency in Corporate Reporting assessment of 47 companies or Regional Owned Enterprises (BUMD) in 5 Provinces, South Sulawesi (Sulsel) is one of the provinces assessed. The result was that five South Sulawesi BUMDs were categorized as sick and not transparent in terms of management, making them prone to corruption. Through this research, it is hoped that it can be an evaluation of the performance of BUMDs in South Sulawesi related to company management.

Keywords:

Political Corruption;
Patron-client;BUMD
(Regional Owned
Enterprises);



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Riwayat Artikel/Article
History:
Submit: **27-Feb-2024**
Revision : date-month-
year, **27-02-2024**
Publish : **28-Feb-2024**

Introduction

The basic question that the public always asks regarding the image of Regional Owned Enterprises (BUMD) (Muryanto, 2016) is 'why can't companies

managed by the government or those with red plates be better in terms of service than companies under the auspices of the private sector?'. In fact, as a company that always receives subsidies from the regional government (Pemda) as the owner of the highest authority, BUMD allows it to grow and support regional finances as a source of local original income (PAD).

Not only that, if BUMD is managed well it can even be possible to control strategic sectors of the economy, including supporting the success of regional development. Because subsidy support and government capital participation are disbursed every budget year. Business and political relations in government circles are the cause of the quality of public services and management of regional potential through BUMD not running as expected. (Saleh & Perdana: 2009).

For example, the South Sulawesi Provincial Government (Pemprov Sulsel) in 2022 disbursed a budget for capital investment of IDR 52 billion for 4 BUMDs under the auspices of the South Sulawesi Provincial Government. The 4 BUMDs include PT Sulawesi Citra Indonesia (SCI) or Perseroda Sulsel, Bank Sulselbar, Jamkrida and Perusda Agribisnis.

The tens of billions of funds disbursed by the South Sulawesi Provincial Government in the hope of increasing regional income have turned out to be far from expectations. At the beginning of the administration of the Acting Governor of South Sulawesi, Bahtiar Baharuddin (Sul-Sel, 2023), who replaced the previous Governor Andi Sudirman Sulaiman, sensed irregularities in BUMDs in South Sulawesi by ordering an audit of BUMDs belonging to the South Sulawesi Provincial Government.

This is because the revenue targets for a number of BUMDs are very low, one of which is PT SCI (Aprita & Qosim, 2022) or Perseroda. The large number of non-performing assets is one of the reasons. According to PJ Bahtiar, the audit was carried out to get a correct diagnosis of the disease that is currently nesting in the bodies of South Sulawesi entrepreneurs.

According to data from the Economic and Development Administration Bureau (Ekbang) of the Regional Secretariat (Setda) of South Sulawesi Province, from the target of more than IDR 15 billion in revenue in 2023, Perseroda until the end of this year can only gain IDR 3 billion in revenue. The three Perseroda targeted are PT Bank Sulselbar, PT Jamkrida and PT SCI. None of the three reached the target.

A number of problems faced by BUMD's are still being discovered, such as unsatisfactory performance in their contribution to increasing PAD, and there are even continuous losses so they still have to be subsidized by the government. This also includes poor governance and information presented via company websites that can be accessed by the public, opening up greater opportunities for corrupt practices to occur in BUMD. (Kriyantono et al., 2019)

Based on the condition of South Sulawesi BUMD which has so many diseases nested within it, this prompted the author to research the forms of political corruption within South Sulawesi BUMD by conducting a literacy study on Patron Client Theory, where it is hoped that this article can become a reference and evaluation material in order to improve the management of BUMD. South Sulawesi is becoming healthier. (RAMADHAN & NPM, 2017)

Method

This research uses a secondary research method, where the analysis method refers to data in the form of existing documents and materials to serve as a basis for conducting research. This document can be obtained through open data provided in public libraries, websites or closed government data. (Nunung:2020)

Where the secondary data used in this research refers to the results of assessments held by Transparency International (TI) to assess whether BUMD anti-corruption policies and programs in South Sulawesi have fulfilled the elements of transparency to the public or not.

This research begins by identifying topics available from IT research results, then continues with identifying sources of relevant data and information used in this research, including looking for additional information through reports in the mass media, books and other research results. The data is then combined and analyzed to answer questions or hypotheses in this research.

Discussion of the First Problem Formulation

Transparency International (TI) Indonesia in the period December 2022 to January 2023 has completed the Transparency in Corporate Reporting assessment of 47 regionally owned companies (BUMD) in 5 Provinces. South Sulawesi (Sulsel) is one of the areas targeted by TI Indonesia to collaborate with YASMIB.

Transparency in Corporate Reporting (TRAC) itself is an international anti-corruption assessment instrument developed by TI to assess the transparency of company anti-corruption policies and programs. TI Indonesia itself has carried out TRAC assessments since 2017, by assessing the 100 largest companies in Indonesia, BUMN, Electricity, Palm Oil, PLTU and BUMD. In this assessment, TI Indonesia collected and analyzed data and information regarding the implementation of anti-corruption programs published by companies on the internet and other information sources that can be accessed by the public. Meanwhile, BUMDs which are the subject of research conducted by TI Indonesia are business entities whose capital is wholly or largely owned by the Region. (Law No. 23 of 2015 and PP 54 of 2017).

Regionally Owned Enterprises (BUMD) are business entities established by regional governments whose capital is largely/entirely owned by the regional government. BUMD based on its target category consists of 2 (two) groups, namely regional companies to serve the public interest and regional companies for the purpose of increasing regional revenues.

It still concerns Law no. 23 of 2015 and PP 54 of 2017, the aim of establishing BUMD is stated to be to carry out regional development through services to the community, providing public benefits and increasing regional income. The characteristics of BUMD as regulated in the Law are namely:

- (1). The government holds the rights to all wealth and business.
- (2). The government acts as a shareholder in the company's capital.
- (3). The government has the authority and power to determine company policies.
- (4). Supervision is carried out by complementary state authorities.
- (5). Serving the interests of the general public, apart from seeking profit.
- (6). As an economic stabilizer in order to realize people's welfare.
- (7). As a source of state and regional income (original regional income).
- (8). All or most of the capital belongs to the regional government, and is separate wealth.
- (9). The capital can be in the form of shares or bonds for companies that go public.
- (10). Can collect funds from other parties, both banks and non-banks.
- (11). The Board of Directors is fully responsible for BUMD, and represents BUMD in court.

1. Understanding Corruption

Corruption is a very dangerous disease if it attacks and is allowed to nest within government structures or business entities managed by local governments. Symptoms of corruption can be found anywhere in society, history shows that acts of corruption occur in almost every country. So it is not an exaggeration if

over time the definition of corruption has developed and changed according to changing times.

The word corruption itself comes from the Latin word *corruptio* or *corruptus*. There are various definitions of corruption which can be interpreted as something that can damage and destroy. Apart from that, corruption is also defined as rottenness, something bad, depraved and dishonest behavior, bribable and deviant. In English it is called *corruptionio*, while in Dutch it is included in the Indonesian treasury as *corruption*. Several definitions of corruption can be categorized as follows:

- a. Corruption according to the Big Indonesian Dictionary (KBBI), corruption is defined as a form of misappropriation and misuse of state money, whether within companies, organizations, foundations and various other forms of public organizations, carried out for personal or other people's gain.
- b. The World Bank in 2000 provided another definition of corruption, and used it as an international standard in formulating corruption, namely "corruption is the abuse of public power for private gain".
- c. Corruption according to Robert Klitgaard is the abuse of position for personal gain. This position can be a public position, or any position of power, including in the private sector, non-profit organizations, even lecturers on campus. According to Klitgaard, corruption takes the form of bribery, blackmail and all kinds of fraud."
- d. Corruption according to Transparency International (TI) is defined as the actions of public officials, both politicians and civil servants, who illegally and unfairly enrich themselves by abusing the power that society has entrusted to them. The International Transparency Institute (TI) states that any act of corruption and whatever form and type it takes can hurt the poor. Because corruption, which leads to misuse of resources and power, not only harms the private sector but can also hinder development, is very detrimental. So that corrupt

behavior from administrators becomes the government's biggest challenge in a fundamental way that deviates from public policy.

- e. From a legal perspective, according to Law Number 20 of 2001, corruption is the act of a person or group of people who intentionally and unlawfully enrich themselves or other people or companies which can harm state finances or the national economy.
- f. Meanwhile, George Junus Aditjodro believes that corrupt practices cannot be carried out alone, according to him, this crime requires the help or role of each person so that budget or policy misuse can take place. Quoted in a journal written by Budi Wahyu Nugroho entitled *Sociology of Corruption*, there are three main principles of social capital, namely trust or in Indonesian called trust, networking or work networks, and reciprocity 'mutual benefit'. According to George, these three principles of social capital can build social relations that cause corrupt activities in an institution or organization. Corruption actors or perpetrators give trust to other actors (peers/colleagues) as a network of people who have the same relationships and interests. Both parties will gain their respective benefits based on the reciprocal relationship that exists.

2. The Concept of Forming Corrupt Behavior

Corrupt practices in many cases found in government institutions cannot be separated from networks that bring together corrupt actors who have the three social capitals as mentioned above. Pierre Bourdieu and Robert Putnam pointed out the negative side of such social capital. Both share exclusive social networks. According to him, not everyone can enter this social network, and what this network does will only benefit their own group and other parties outside their group will be harmed. The formation of this network can be explained through Pierre Bourdieu's habitus thinking which is explained through the formula below:

$$(\text{Habitus} \times \text{Capital}) + \text{Domain} = \text{Practice}$$

Habitus can be interpreted as the cognitive nature of the perpetrator of corruption, especially aimed at the main perpetrator, while capital which consists of four forms, namely, social capital, economic capital, cultural capital and symbolic capital is a factor that causes the opening of shells or opportunities for someone to do corrupt things. Social capital can be positioned as a network of corrupt actors, such as other actors who agree to be involved in corrupt activities. Economic capital is the financial ability of corrupt actors to bribe other parties to carry out their actions. Cultural capital is a cultural basis that considers acts of corruption to be normal, while symbolic capital is the social status of the perpetrator of corruption which is used to legitimize his actions.

While the realm is a place where a game (capital and interests) is met or takes place. Meanwhile, practice is whether the corruption is successful or not. A habitus of corruption that has already been 'infected' by fraud can only be overcome by creating a new habitus, which is clean and far from potential corrupt behavior.

3. Corrupt Practices in South Sulawesi BUMD Circles

Corruption cases involving BUMN have occurred several times. Statistically, there are around 53 cases of corruption recorded within BUMN (Nibraska Alam). Meanwhile, many corruption cases in BUMN are dominated by bribery. Bribery that occurs in BUMN is essentially motivated by the weak implementation of good corporate governance. Iwan Nuryan in his research concluded that the implementation of Good Corporate Governance in BUMN is still low. This shows that the implementation of GCG has not actually become a company culture, thereby opening up opportunities for fraud.

Apart from bribery, the type of corruption that often involves BUMD is political corruption. The term political corruption in the classical concept as quoted in the journal written by Fransiska Adelia entitled 'Forms of Political Corruption' explains that:

Political corruption is interpreted as a problematic relationship between sources of power and the moral rights of those in power, in other words political corruption is a result of the inevitable struggle for power. Gibson himself found the definition of political corruption from the results of research on 279 students at various university levels in the Montreal Province of Canada, using a behavioral approach. In the research, there were 9 types of dishonesty that were found to differ in practice. Indicators include patronage, vote buying, pork barreling, bribery, kickbacks, conflicts of interest, nepotism, influence peddling, and campaign financing. Gibson found 8 of the 9 practices evaluated were recognized and qualified as corrupt by respondents. However, in

the case of campaign financing, respondents gave an exception as a form of political corruption.

From the results of this research, Gibson draws a conclusion regarding the definition of corruption as a specific state-society relationship and individual or individual nature which can take the form of crime. Every person with the status of civil servant, functionary, bureaucrat and politician, who represents the state and occupies a position in government has the authority to control existing resources. Therefore, it can be said that political corruption is a deviation that is no longer in accordance with legal, rational moral values and is out of step with the principles adhered to by modern states. This condition cannot be separated from the problem of weak accountability between the government and those in command, in this case the people or society.

a. Patron Client Relations

There are various patterns or forms of relationships in society. The birth of client patrons in society, according to a number of thinkers, is a consequence of the contradiction between two classes or groups of society, each of which has interests. These relationships occur and are intertwined in society on the basis of interests. This relationship continues and will not stop as long as the interests are still well accommodated by the related parties.

The conflict theory that stands out in social science as explained by a number of theorists includes C. Gertz's conflict theory, namely about primordialism, second is Karl Marx's conflict theory about class conflict, and third is James Scott's conflict theory, about patron-client, namely one of the relationships relationship commonly known as "patronage".

The term patron is explained by Kausar and Komar Zaman (2011) in a journal entitled Analysis of Patron-Client Relationships:

The term patron comes from a Spanish expression which etymologically means "someone who has power, status, authority and influence". Meanwhile, client means "subordinate" or the person who is ordered and ordered. Furthermore, the patron-client relationship pattern is an alliance of two community groups or individuals who are not equal, both in terms of status, power and income, thus placing the client in a lower position (inferior) and the patron in a higher position (superior).

A patron can also be defined as a person who is in a position to support, in other words, provide assistance to his clients. James Scott explains that patron-client interaction is a special treatment between two people who are bound to each

other and is dichotomous and hierarchical, between the "higher" (patron) and the "lower" (client). James Scott: 1981 states that:

Patron-client interactions involve instrumental friendships in which an individual with a higher socio-economic status (the patron) uses his influence and resources to provide protection and/or benefits for someone with a lower status (the client).

Scott, in the journal *Patron Client Relations for Cat Rice Traders in Yogyakarta City*, written by Sri Emy Yuli Suprihatin, stated that a person or group who has a higher socio-economic status acts as a patron with the influence they have that is able to provide protection and various other benefits to a person or group that have a lower socio-economic status with their income. This group acts as a client, where as a financially protected person they are willing to return the favor in the form of comprehensive support which includes personal service to the patron.

One of the dimensions of TRAC's assessment in South Sulawesi BUMD circles that is highlighted is regarding the appointment of leaders, political donations and CSR (Corporate Social Responsibility) program policies for BUMDs in South Sulawesi. As a result, the five South Sulawesi BUMDs assessed stated that they did not have rules and policies regarding political donations and prohibited politicians from serving as commissioners/directors. In South Sulawesi, the majority of BUMDs were indicated to be found to be Politically Exposed Persons (PEPs), and there were even 3 individuals holding concurrent positions in other agencies.

In a report written by TI Indonesia in 2017 entitled 'Corruption, Patronage and the Anti-Corruption Movement', it was explained that the problem of political corruption is related to political funding during the five-yearly democratic party, in order to elect regional head or leader candidates. A number of corruption cases involving political elites and government officials are not solely aimed at enriching themselves and their relatives (nuclear family), more than that the corruption is carried out to support campaign financing/political activities which cost quite a lot.

Kuskridho Ambardi (2012) calls it political cartelization, carried out by political parties to ensure the survival of the group. Their survival is determined by the common interest of maintaining various existing financial sources, especially those that come from the government, not official government money allocated to political parties, but government money obtained by parties through rent-seeking.

This is in line with what James Scott (1981) explained, which mentions a number of characteristics in patron-client relationships which can also be found in political relations in South Sulawesi BUMD, namely:

1. There is a relationship of reciprocity, namely a relationship that is mutually beneficial, giving and receiving, even though the levels are not equal to each party.
2. Personal relationships, which are direct and intensive relationships between patrons and clients. Their relationship includes feelings that are usually found in private relationships. So that the relationship that occurs is not solely motivated by profit. The placement of officials on the board of directors of South Sulawesi BUMD cannot be separated from the patron-client relationship between regional heads as owners of regional companies. For example, the massive dismantling of BUMD management chairs after the inauguration of regional heads. Many people are considered to have sweated during the Pilkada contestation and helped win regional head candidates who were elected to be allocated positions on the BUMD directors. Like when the Governor of South Sulawesi, Nurdin Abdullah, was elected in the 2018 gubernatorial election political contest, and placing Taufik Fachruddin as Main Director of the South Sulawesi Regional Company (Perusda) attracted the spotlight. At the hearing of the South Sulawesi DPRD's Questionnaire Rights Committee, Monday (29/7) 2019, Taufik himself admitted that he was appointed directly by Governor Nurdin Abdullah, who is also his brother-in-law and part of the winning team of Nurdin Abdullah-Andi Sudirman Sulaiman during the 2018 gubernatorial election. Chairman of the Committee At that time, Kadir Halid's questionnaire asked about the appointment of Taufik Fachruddin as President Director of Perusda. Because based on the rules contained in Presidential Decree 200, this position cannot be occupied by someone who has a family relationship with the regional head. (IDN Times:2019).

3. Loyalty relationships (loyalty or obedience) The politics of retribution has also undermined many South Sulawesi BUMD directors. Many members of the successful team during the Pilkada were accommodated in Regional Companies (Perusda) as a form of political retribution. The appointment of officials to seats on the board of directors of South Sulawesi BUMDs is not based on their competence, but as a form of remuneration in the form of sharing seats.

Discussion of the Second Problem Formulation

The Transparency in Corporate Reporting (TRAC) assessment of 5 BUMDs in South Sulawesi carried out by TI Indonesia, was carried out on various problems that occurred within BUMDs, such as poor due diligence of BUMD leaders, gradual losses occurring, including the discovery of corrupt practices and concurrent positions at BUMD.

Table 1.1

South Sulawesi Provincial Government Shares and BUMD TRAC Score

Perusahaan	Saham	Mitra bisnis/pengendali	Skor TRAC
PT Gowa Makassar Tourism Development Tbk	13.00%	Lippo Group	3.13
PT Kawasan Industri Makassar	30.00%	Pemerintah pusat	2.50
PT BPD Bank Sulselbar	33.80%	Pemkab	2.29
PT Sulsel Citra Indonesia Perseroda	99.90%	Mayoritas	0.00
PT Jamkrida Sulsel	99.80%	Mayoritas	0.00

Source: TI Indonesia

Based on the TRAC BUMD score results for 5 South Sulawesi BUMDs as depicted in the table above, there are 6 dimensions of the South Sulawesi TRAC BUMD assessment that were studied, the first is anti-corruption commitment, namely to see the company's seriousness in implementing anti-corruption programs. Second, the scope of the company's anti-corruption policy includes when a company has an anti-corruption policy, the extent to which the policy regulates it, whether only within the company or to parties related to the company such as intermediaries or agents in the procurement of goods and services. Third, disclosure of internal policies, namely ensuring whether the company has an anti-corruption policy or not, such as rules regarding gratuities, whether there are practices of nepotism, patronage, influence trading, and so on. The fourth issue is the appointment of leaders, giving political donations and CSR, which

are aspects that are closely related to the company's political involvement, because BUMDs are often held hostage by political interests, especially in filling the positions of directors or commissioners.

Therefore, in the research carried out by TI Indonesia, they also checked whether there were regulations regarding due diligence for directors and commissioners, Revolving Door or Cooling of Period. To overcome multiple positions and being held hostage by political interests. Then, this CSR issue is also prone to fraud, so it is important for us to check the transparency of its distribution. Fifth, related to the violation reporting system (WBS). It is important to check whether the BUMD has a WBS system or not. Sixth, namely, anti-corruption training and monitoring programs, whether they have them or not.

From these six dimensions, the average TRAC score of the five BUMDs in South Sulawesi itself is only around 1.58. Where PT Gowa Makassar Tourism Development (GMTD) with a score of 3.13, PT BPD Bank Sulselbar with a score of 2.29, PT Kawasan Industri Makassar (KIMA) with a score of 2.50, PT SCI Perseroda with a score of 0.00, and PT Jamkrida Sulsel with a score of 0.00.

The TRAC assessment of five BUMDs in South Sulawesi illustrates the lack of anti-corruption commitment of the leaders of South Sulawesi BUMDs. It is known that there are only two BUMDs in South Sulawesi that have a code of conduct for their directors and employees, but there is no code of conduct that regulates external parties. It was also stated that BUMDs in South Sulawesi do not have regulations regarding influence trading, revolving doors, cooling off periods and transparency in procurement of goods and services (PBJ), so that the absence of these regulations allows the practice of nepotism, favoritism, clientelism and patronage to open up. In fact, of the five BUMDs owned by the South Sulawesi Provincial Government, only 1 has received ISO:37001:2016 certification, namely PT BPD Bank Sulselbar. Anti-Bribery Management System Certification (SMAP)/ (ISO 37001) itself is a guide to assist companies in building, implementing and continuously improving compliance programs or SMAP with the aim of identifying, preventing and detecting bribery attempts.

ISO:37001:2016 certification in BUMD is important for every company, considering the high number of criminal acts of corruption (TPK) handled by the Corruption Eradication Committee during the 2004-2019 period, where the trend has even spread to BUMD agencies in various regions. From the Indonesian Corruption Eradication Committee report for the 2004-2019 period, Corruption Crimes based on agencies mostly occurred in ministries and

government agencies with 365 cases (44.2%), followed by district or city regional governments with 155 cases (18.8%), thirdly provincial level regional governments. as many as 139 (16.8%) and fourth place was occupied by BUMN/D with 73 cases (8.8%).

Meanwhile, of the types of cases handled by the Indonesian Corruption Eradication Committee, starting from 2004 March 2021, 93 of the 1,140 cases were recorded, 8.2% of the suspects came from the ranks of BUMD directors. It is not surprising to see that the health condition of BUMDs is in line with cases under the handling of the Indonesian Corruption Eradication Commission. Therefore, there is a need to increase competence in managing BUMD in a more professional manner. Including when selecting and placing Commissioners, Directors, SPI, there needs to be more professional recruitment.

Bribery itself can be active with various actions such as offering, promising and giving something. Meanwhile, passive bribery is when someone receives or accepts something in return. J. Noonan in Fransiska:2018 says:

Bribery is a secretive and irresponsible exchange. Bribery is always carried out through various strategies depending on where the exchange is carried out; therefore, the differences that occur between different countries regarding bribery are more quantitative than structural.

Therefore, it is very important for a company or BUMD to have an anti-bribery management system through ISO 37001 – SMAP 2016 to prevent, detect and handle the risk of bribery. Included includes a range of measures and controls that represent good global anti-bribery practice.

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CLOSING

Based on the results of the Transparency in Corporate Reporting (TRAC) assessment of 5 BUMDs in South Sulawesi carried out by TI Indonesia in this research, it can be concluded that:

1. A number of problems exist within BUMDs, both in terms of finances which cannot contribute optimally to the addition of regional PAD, including in terms of services which have not provided maximum service to the community, many of which are influenced by the recruitment and placement of officials on the directors of Perusda which have many indications of political corruption. or the politics of retribution when the regional elections win the elected governor.
2. The politics of retribution is a result of the patron-client relationship that exists between the regional head (Governor) and the success team because they are deemed to have contributed to helping win the South Sulawesi gubernatorial election (Pilgub).
3. It was found that a form of political corruption in BUMD circles in South Sulawesi can take the form of nepotism or what is also commonly referred to as patronage to help relatives/family and people who have helped finance political boarding during the gubernatorial election.

The advice that can be given through this research is to improve the bodies of BUMDs in South Sulawesi by using this research as a comparative or alternative reference in improving the existence of BUMDs so that there is clean and good governance.

THANK-YOU NOTE

The report on the results of research conducted by Swadaya Mitra Bangsa (YASMIB) Sulawesi in collaboration with Transparency International Indonesia (TI Indonesia), regarding the implementation of anti-corruption policies in Regional Owned Enterprises (BUMD) in South Sulawesi has become a reference and secondary data in this research . Regarding the open data that the author obtained, the author expresses his gratitude so that this research can run as it should.

The author also expresses the same expression to Mr. La Ode Ismail Djabharu as a good colleague, because he has helped correct this journal very well, in the midst of his busy schedule. There are many shortcomings in this article which perhaps in the future could be developed much better by other authors regarding the topic raised in relation to the Sociology of Corruption. We hope that at least some of the findings and benefits from the studies in this article can provide benefits for the future development of science.

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