ABSTRACT

The study was motivated by the phenomenon gap, theoretical gap, and the research gap on corruption and bribery. The phenomenon gap that motivated this study is on one side all parties recognize the negative effects of corruption and bribery, but on the other hand the level of corruption in Indonesia is still high. While the theoretical gap is the presence of 2 (two) conflicting theories that are Efficient Grease Hypothesis which consider that it is more efficient for companies to bribe than to obey an official or bureaucratic procedures and Anti Efficient Grease Hypothesis that argues contrary. While the research gaps are: macro versus micro approach where the micro approach has not been done, supply versus demand-side approach in which the supply side approach has not been widely applied, the variables that affect the amount of bribes that have not been comprehensively analyzed, and the impact of bribery on the performance of companies that have not been widely studied.

This study has 3 (three) objectives are: (1) to prove the validity of Efficient Grease Hypothesis Theory, (2) to analyze the factors that influence the amount of bribes paid by enterprises, and (3) to analyze the impact of bribery on firm performance.

The sample of the study was 100 medium and large enterprises that are members of the Indonesian Employers Association (Apindo) Branch of Central Java and the respondents are the leaders or the managers of that medium dan large enterprises. The data used are the primary data collected by questionnaires. The tools of analysis used is a simple linear regression and multiple linear regression.

The results of the study indicate that the Efficient Grease Hypothesis Theory is not proven in the case of bribery paid by medium and large companies in Central Java Apindo members. The results for the factors that influence the amount of bribes paid by medium and large companies there are 7 (seven) variables that significantly influence the amount of bribes paid by medium and large companies in Central Java, namely: the time allocated for corporate leaders face to face with government employees (WAKTU), companies age (UMUR), the fit between a bribe with promises of preferential treatment (SESUAI), companies location (LOKASI), the competition faced by the companies (SAING), the public services used by the companies (JASAP), and the level of education manager or companies leader (DIDIK). The variables that have positive effects on bribery are: WAKTU, SESUAI, SAING, and JASAP, meanwhile UMUR, LOKASI, and DIDIK has negative effects on bribery. There are 9 (nine) variables did not significantly affect the amount of bribes paid by medium and large companies in Central Java. The nine variables are the amount of tax paid by the companies (BAPAJAK), the number of licenses required by the companies (IJIN), The enterprises scale (SKALA), The ownership of the companies (MILIK), the companies market orientation (PASAR), companies business sector (SEKTOR), region conditions of where the company is located (KDAERAH), the sex of companies leaders (KELAMIN), and once or absence of corporate to take tax exemptions (BEPAJAK). While the results for the effect of bribery on firm performance indicate that a bribe has a positive effect on companies performance.

The policy implications of the study findings is the bribery must be eridicated even for the company it is beneficial because it raised companies performance, because at the macro level bribery made allocative inefficiencies and reduce growth. For the purpose of eradicating bribery based on the findings of the study, it can be done through few things,

namely: simplification of bureaucracy, strict law enforcement, giving incentives to boost the efficiency of the company, setting the standard procedure for a variety of public services, increased levels of public education, and modernization of administration in the public service.

For further study, it is recommended to use a more accurate measure of the variable, similar studies must be done with larger samples, and the need for studies on the receiving bribes or government employees.