

Corruption Risk Management: Power Distance, Organisational Culture and Corruption

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Abstract

Introduction/ Main Objective: The aim of this study is to examine the complex relationship between power distance, organisational culture, and corruption. **Background Problems:** The study of corruption, organisational culture, and power distance has been addressed by numerous scholars, yet these investigations often fail to account for the complexity and interplay of these factors within distinct organisational environments. **Research Methods:** We distributed questionnaires to public servants in Indonesian local governments and analysed the collected data using PLS-SEM. **Findings:** While earlier research has tended to isolate individual variables or oversimplify complex dynamics, our study demonstrates the complex interactions between power distance, organisational culture, and corruption. Interestingly, familial, gender, and marital factors show negligible direct effects on corruption, challenging assumptions that personal demographics may have predictive power over such systemic behaviors. However, the influence of organisational culture on corruption, demonstrated by a significant negative effect, presents a compelling finding. **Conclusion:** We provide new insights that have both theoretical and practical implications. Our findings call for a shift in how corruption is understood and addressed, moving away from simplistic models and towards a more holistic approach that considers the broader organisational and systemic factors at play.

Keywords: Corruption; Organisational culture; Power distance

JEL Classification: M42, M48

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INTRODUCTION

Corruption remains one of the most insidious and pervasive challenges faced by organisations and societies alike. Despite the substantial body of research dedicated to exploring its prevalence and manifestations, there remains a profound gap in understanding the intricate mechanisms through which corruption emerges. Prior studies, while valuable in cataloguing the occurrence of corruption, often stop short of uncovering the deeper, structural forces that give rise to it (Bardhan, 2017; Wu et al., 2023; Lucey et al., 2023). They primarily focus on descriptive analyses, failing to question the latent systems and hierarchical interactions that facilitate corrupt practices. A fundamental oversight in much of the literature is the insufficient engagement with the complex interplay between power distance and organisational culture. These constructs, rather than functioning as mere background conditions, exert considerable influence over the ethical landscapes within

which corruption is either fostered or mitigated (Amanquandor, 2024). Without a rigorous examination of these variables, the current body of knowledge remains incomplete, offering superficial remedies for what is, at its core, a deeply embedded structural phenomenon.

Moreover, the emergence of corruption cannot be fully grasped through isolated variables or individualistic interpretations of human behavior (D'Andreanmatteo et al., 2024). Rather, it is a product of a complex matrix of power dynamics and cultural norms that shape the decision-making processes within organisations. Power distance, understood as the degree to which individuals within a society or organisation accept unequal distributions of power, plays a critical role in defining the hierarchical contours that either enable or suppress corrupt tendencies (Dipierro and Rella, 2024). In environments with high power distance, subordinates are often reluctant to challenge authority, which can create fertile ground for corrupt actions by those in power (Fürstenberg et al., 2023). To our knowledge, previous studies have inadequately explored how this hierarchical acquiescence interacts with organisational culture to influence the broader ethical climate. While some scholars have argued that high power distance naturally correlates with greater corruption, this assumption remains empirically underdeveloped (Dipierro and Rella, 2024; de Souza, 2024), and fails to account for the mediating role of organisational culture. The relationship between these variables is far from linear, suggesting that corruption emerges not as a direct consequence of hierarchical structures, but as a complex interactions of how these structures are culturally contextualised and operationalised.

Organisational culture, often relegated to a peripheral status in corruption studies, demands far greater theoretical attention. Defined by shared values, beliefs, and norms that dictate behaviour within an institution, culture serves as the ethical scaffolding that either constrains or facilitates corrupt behavior (Fürstenberg et al., 2023). It is within the cultural fabric of an organisation that power distance is either reinforced or resisted, and where corruption finds its footing or encounters resistance. Prior research has largely treated culture as a passive backdrop, failing to investigate its active role in shaping ethical behavior (García-Gómez et al., 2024; Amagnya, 2023). The specific ways in which organisational culture interacts with power distance remain under-theorised. For instance, in cultures that prioritise transparency and accountability, even high power distance may not necessarily lead to corruption, as the cultural norms provide checks and balances that limit the abuse of power. Conversely, in cultures where compliance and loyalty to authority are valued above ethical standards, even moderate levels of power distance could precipitate widespread corruption. This bifurcated relationship between power and culture requires a more nuanced exploration, one that transcends the simplistic binary frameworks that have dominated previous analyses.

The question of how corruption emerges, consequently, necessitates a more sophisticated theoretical approach, one that integrates the dialectical relationship between power distance and organisational culture. Power distance cannot be viewed as an isolated factor. Its influence is contingent upon the cultural conditions under which it operates (Weißmüller and Zuber, 2023). Similarly, organisational culture cannot be understood in abstraction from the hierarchical structures that it interacts with. Together, these variables create a dynamic system that either fosters or inhibits corruption, depending on the specific



configurations of power and culture. This systemic approach challenges the reductionist tendencies of prior research, which often isolates variables in ways that obscure the interdependencies between them. A more holistic perspective is needed, one that considers how organisational hierarchies are constructed, maintained, and justified within the cultural frameworks that shape ethical norms and behaviours (Weißmüller and Zuber, 2023; Amanquandor, 2024). Therefore, the current study is designed to address these significant theoretical and research gaps, delving into the complex relationship between power distance, organisational culture, and corruption.

Corruption, a multifaceted phenomenon, manifests as a systemic breach of ethical and legal norms that transcends mere acts of bribery or embezzlement (Megías et al., 2023). It corrodes the very essence of governance, subverting institutions through the coalescence of personal ambition and public office. At its core, corruption thrives in the interstices between power and accountability, often propelled by the intricate interplay of social, economic, and political forces that create fertile ground for opportunism and malfeasance (Meyer-Sahling and Mikkelsen, 2022). It erodes the integrity of governance structures by distorting the principles of transparency and fairness, leading to a degradation of trust in public institutions and the social contract itself. When individuals or groups in positions of power prioritise personal gain over collective welfare, a complex dynamic unfolds wherein the boundaries between legality and illegality become nebulous, allowing for the manipulation of laws, regulations, and procedures to serve private interests (Novella-García and Cloquell-Lozano, 2021; Fernando and Bandara, 2020). This distortion is further exacerbated by the presence of weak institutional frameworks, where oversight mechanisms are either absent, ineffective, or complicit, enabling corrupt actors to operate with impunity.

Moreover, corruption can assume a more insidious form, cloaked in the guise of patronage networks, where the distribution of resources, favors, or opportunities becomes contingent upon loyalty and allegiance rather than merit or equity (Bashir and Hassan, 2020). In such systems, the economy of favors supplants the rule of law, creating a parallel system of governance that undermines democratic processes and reinforces existing inequalities. Corruption's impact is particularly pernicious in developing societies, where it acts as a catalyst for the entrenchment of poverty, skewing the allocation of resources, diminishing public goods, and fostering a climate of cynicism and disillusionment among the citizenry. The paradox of corruption lies in its self-perpetuating nature: as institutions become more compromised, the incentives to engage in corrupt practices intensify, creating a feedback loop that further entrenches dysfunctionality (Ullah et al., 2023; Philippou, 2023). It is an omnipresent force that operates at multiple levels of society, from the highest echelons of political leadership to the everyday interactions of citizens, thus presenting a formidable challenge to any efforts aimed at reform. Ultimately, corruption represents a fundamental distortion of the relationship between the individual and the collective, wherein the pursuit of private gain takes precedence over the pursuit of justice, equity, and the common good, thus demanding a rigorous and holistic approach to its diagnosis and eradication.

Corruption in Indonesian local governments is a complex interplay of individual moral dilemmas, institutional failures, and socio-cultural influences. At the individual level, public officers often face a dichotomy between personal integrity and systemic pressures to engage in corrupt practices (Silitonga et al., 2019). As explained by Silitonga et al. (2019), this moral conflict is exacerbated by the pervasive belief that corruption is an inevitable aspect of the

public sector. Many public officers, while understanding the ethical implications of corruption, find themselves rationalising their actions as necessary for career advancement, maintaining social ties, or even as a survival strategy in a bureaucratic environment that penalises non-compliance with corrupt norms. This internal conflict is further intensified by the lack of effective whistle-blower protections and the potential repercussions of resisting corrupt practices, which may include professional ostracisation, threats to personal safety, or loss of employment. The ethical paradox faced by these officers is a testament to the deeply embedded nature of corruption within the fabric of local governance, where the cost of integrity often outweighs the benefits.

This normalisation is deeply rooted in the socio-cultural context of Indonesia, where local customs and social expectations often intersect with governance practices, blurring the lines between acceptable and unacceptable behaviour. The Javanese cultural principle of *gotong royong* – or mutual cooperation – while promoting community solidarity, can sometimes be misappropriated to justify corrupt practices such as nepotism, favouritism, and clientelism. In such a context, loyalty to family, kinship networks, and patronage systems can take precedence over legal and ethical considerations, making it challenging to distinguish between genuine social support and corruption. Furthermore, the traditional hierarchical social structure in many Indonesian communities reinforces a culture of deference to authority figures, which can lead to a passive acceptance of corrupt behaviour as long as it benefits the community or is perceived as a benign act of redistribution. Consequently, these cultural norms can create a permissive environment where corruption is not only tolerated but also seen as an integral part of socio-political interaction, thereby complicating efforts to promote ethical governance and accountability at the local level.

In high power-distance environments, the unequal distribution of power is not merely accepted but institutionalised, creating a culture where questioning authority is discouraged, and obedience to higher-ranking individuals becomes the norm (Achim, 2016). Those in positions of power often operate with limited scrutiny or resistance, while subordinates are conditioned to accept unethical behaviour without challenge (Sampath and Rahman, 2019). Similarly, Boateng et al. (2021) suggest that subordinates in high power-distance environments often perceive their actions as a response to social pressures or the explicit dictates of superiors, rather than as behaviours for which they are personally responsible. This diffusion of responsibility is a key mechanism of moral disengagement (Fehr et al., 2020), allowing individuals to justify unethical or corrupt actions by attributing them to the demands of authority figures or the hierarchical structure itself. In such contexts, subordinates also may view themselves as mere cogs in a larger machine, believing that their compliance with corrupt practices is not a personal moral failing but rather an obligation imposed by the organisational or societal aspects. Based on this reasoning, we propose:

H1: The higher the power distance, the more entrenched corruption becomes.

According to Ashforth and Anand (2003), organisational culture serves as the invisible hand guiding employees' perceptions of acceptable behaviour, where institutional loyalty, group cohesion, or the pursuit of success can take precedence over ethical standards. We agree with Ertz et al. (2020) that a corrupt organisational culture is not merely the by-



product of individual malfeasance, but rather an embedded system. Unlike individual acts of corruption, which may occur sporadically or in isolation (Sun et al., 2023), institutionalised corruption is systemic, sustained, and often operates with implicit or explicit approval from leadership. We believe these practices become routinised through organisational norms, policies, and unwritten rules, creating an environment where corruption is seen as part of “how things are done”. Corrupt practices can be further entrenched through formal mechanisms, such as policies that allow for opaque decision-making, or informal mechanisms, like patronage networks that reward loyalty over merit (Arellano-Gault et al., 2024; Nguyen et al., 2022). These networks, if referring to Da Ros and Gehrke (2024), often extend beyond the organisation itself, linking to broader societal structures, such as political systems, regulatory bodies, or industries where corruption is similarly institutionalised. As corruption becomes institutionalised, it is not only tolerated but may be required for advancement or even survival within the organisation. So, individuals who conform to these practices are often rewarded, while those who resist may be marginalised, penalised, or dismissed. In this way, corruption is not merely an act of deviance but becomes central to the organisation’s operational and cultural fabric. Based on this reasoning, we propose:

H2: The higher the organizational tolerance for unethical behaviour, the greater the likelihood that corrupt practices will become institutionalised.

In Indonesia, there is a pronounced hierarchical structure where authority is concentrated at the top, and employees are expected to respect and obey their superiors without question (Soeharto and Nugroho, 2017). The Javanese cultural concept of “*bapakism*”, which venerates authority figures as paternalistic leaders, reinforces this high power-distance dynamic. Rooted in Javanese feudal traditions, *bapakism* portrays leaders as father-like figures (*bapak* means father in Indonesian), who are expected to provide for and protect their subordinates while demanding loyalty, respect, and unquestioned obedience in return (Pertiwi, 2022). This creates a cultural expectation where authority figures are seen not just as decision-makers, but as moral and paternal guides, whose judgments are rarely questioned by those below them (Mornah and Macdermott, 2018). In organisational settings, *bapakism* cultivates a strong hierarchical structure in which leaders hold significant power and influence, while subordinates defer to their authority, often without critical evaluation or dissent (Putra and Sihombing, 2024). We perceive that it fosters an environment where corruption is more likely to be tolerated or even normalised. The concentration of power in the hands of a few leaders limits the capacity for checks and balances (Guritno et al., 2020). Subordinates may feel disempowered to challenge unethical decisions or report corrupt behaviours, perceiving it as outside their domain or fearing retaliation. For instance, organisational cultures in Indonesia reflect collectivist values, where loyalty to the group or institution is highly prized, which can sometimes lead to moral disengagement (Pertiwi, 2022). Employees prioritise group harmony and adherence to hierarchical norms over ethical considerations. It can be argued that the higher the power distance, the greater the role of organisational culture in amplifying corrupt behaviours. Based on this reasoning, we propose:

H3: The higher the power distance, the more the organisational culture will rely on top-down leadership.

H4: Organisational culture mediates the relationship between power distance and corruption.

METHOD

Questionnaires are distributed to two local governments. All of participants are currently active as civil servants. A total of 210 questionnaires were distributed, and 187 were returned. However, 30 of the returned questionnaires were incomplete, which required us to exclude them from the analysis. As a result, we had 157 fully completed and usable questionnaires for the final analysis. The survey participants consisted of 111 male and 46 female. Among them, 112 individuals reported living in joint families, while 45 identified as being part of nuclear families. In terms of marital status, 95 participants indicated that they were single (unmarried), and 62 were married. This demographic distribution provided a diverse representation of family structures and marital statuses within the survey sample, contributing valuable context to the data analysis.

Our measurement instruments were adapted from previous research and employed a 5-point Likert scale with “strongly disagree” to “strongly agree” anchors. To measure corruption, we used an instrument developed by the Association of Certified Fraud Examiners (2024). For assessing power distance, we utilised the scale developed by Luo et al. (2020). Additionally, to evaluate participants’ perceptions of organisational culture, we applied criteria developed by Hofstede et al. (1990), focusing on organisational culture as a key factor for creating ethical or unethical behaviour within organisations. For control variables, we examined the role of gender. According to the work of Biswas et al. (2023), using critical mass theory, males are generally considered to be more inclined toward risk-taking behaviour and are therefore more likely to engage in fraud or wrongdoing (see also Alves, 2023). In our study, this variable was coded with a value of 1 for male participants and 0 for female participants, allowing us to test the influence of gender on the likelihood of engaging in fraudulent activities. This approach aligns with existing literature that highlights gender differences in risk behaviour and unethical conduct. Moreover, other studies suggest that individuals experiencing financial stress, such as household needs, are more vulnerable to committing fraud (Owusu et al., 2022; Homer, 2020). In line with this, we tested whether individuals in joint families might be more susceptible to fraudulent behaviour. We assigned a value of 1 to participants in joint families, and 0 to those in nuclear families. Additionally, we tested whether marital status influences susceptibility to fraud, hypothesising that personal pressures may play a role. For this, we assigned a value of 1 to participants who were single (or unmarried) and 0 to those who were married. This approach aimed to assess the role of personal and financial pressures in contributing to the occurrence of fraud or corruption.

For the data analysis, we employed Partial Least Squares Structural Equation Modelling (PLS-SEM) because our objective was not theory testing or confirmation, but rather prediction and theory development. PLS-SEM is particularly suited for exploratory



research where theoretical models are still evolving (Hair et al., 2019), and our goal was to understand and predict how some factors contribute to the normalisation of corruption. Following the recommendations of Dash and Paul (2021), PLS-SEM was deemed appropriate as it aligns with research that seeks to develop theories and explore predictive relationships rather than merely confirm established ones.

RESULTS AND DISCUSSION

Before we arrived to a conclusion we tested the measurement model assessment and proposed hypothesis. Table 1 presents the reliability and consistency measures for the variables in the study.

Table 1. Reliability and Consistency

Variables	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Corruption	0.925	0.934	0.944	0.774
Organisation Culture	0.804	0.815	0.861	0.553
Power Distance	0.931	0.932	0.946	0.745

Source: Authors' data

As suggested, Cronbach's Alpha values range from 0.804 to 0.931, indicating acceptable to excellent reliability (Hair et al., 2019). Specifically, Corruption exhibits the highest Cronbach's Alpha at 0.925, rho_A at 0.934, and Composite Reliability at 0.944, with an AVE of 0.774, confirming the robustness of this construct. Similarly, Power Distance also shows high reliability with a Cronbach's Alpha of 0.931, rho_A of 0.932, and Composite Reliability of 0.946, alongside an AVE of 0.745. Although Organisation Culture has a slightly lower Cronbach's Alpha of 0.804, it still meets the acceptable threshold, supported by a rho_A of 0.815 and Composite Reliability of 0.861, with an AVE of 0.553, affirming its validity within the model (Hair et al., 2019).

Table 2. Factor Loadings

Items	Corruption	Organisation Culture	Power Distance
CRPT1	0.947		
CRPT2	0.952		
CRPT3	0.739		
CRPT4	0.916		
CRPT5	0.827		
OCul1		0.686	
OCul2		0.785	
OCul3		0.735	
OCul4		0.727	
OCul5		0.781	
PODS1			0.919
PODS2			0.838
PODS3			0.857
PODS4			0.900
PODS5			0.819

PODS6	0.842
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Source: Authors' data

Table 2 outlines the factor loadings for the items related to Corruption, Organisation Culture, and Power Distance, reflecting the strength of each item's association with its respective construct. It is because all above the 0.7 threshold, showing that the measurement model is well-structured and reliable (Hair et al., 2019).

Table 3 provides the Fornell-Larcker criterion, confirming the discriminant validity of the constructs. The diagonal values represent the square root of the AVE, with Corruption (0.880), Organisation Culture (0.744), and Power Distance (0.863) all exceeding the inter-construct correlations. This result supports the discriminant validity (Henseler et al., 2015).

Table 3. Fornell-Larcker Criterion

Variables	Corruption	Organisation Culture	Power Distance
Corruption	<i>0.880</i>	-	-
Organisation Culture	-0.277	<i>0.744</i>	-
Power Distance	-0.017	0.220	<i>0.863</i>

Source: Authors' data

Table 4. Cross Loadings

Items	Corruption	Organisation Culture	Power Distance
CRPT1	0.947	-0.236	0.017
CRPT2	0.952	-0.276	-0.040
CRPT3	0.739	-0.241	-0.019
CRPT4	0.916	-0.266	-0.066
CRPT5	0.827	-0.182	0.055
OCul1	-0.330	0.686	0.159
OCul2	-0.135	0.785	0.175
OCul3	-0.195	0.735	0.158
OCul4	-0.196	0.727	0.087
OCul5	-0.074	0.781	0.235
PODS1	-0.005	0.198	0.919
PODS2	-0.019	0.179	0.838
PODS3	-0.025	0.183	0.857
PODS4	-0.011	0.189	0.900
PODS5	-0.049	0.192	0.819
PODS6	0.022	0.198	0.842

Source: Authors' data

Table 4 demonstrates the cross-loadings of each item on their respective constructs. Those also validate the discriminant validity of the model (Henseler et al., 2015). All



Corruption items load highest on their respective factor, with CRPT1 (0.947), CRPT2 (0.952), and CRPT4 (0.916) showing strong loadings, while exhibiting lower cross-loadings on Organisation Culture and Power Distance (e.g., CRPT2: -0.276 on Organisation Culture, -0.040 on Power Distance). Organization Culture items, such as OCul2 (0.785) and OCul5 (0.781), load highly on their construct while showing minimal overlap with Power Distance and Corruption. Likewise, Power Distance items display strong loadings, particularly PODS1 (0.919) and PODS4 (0.900), with low cross-loadings on the other constructs (e.g., PODS1: 0.198 on Organisation Culture, -0.005 on Corruption), confirming that the constructs are well-differentiated and distinct (Henseler et al., 2015).

Table 5 displays the Heterotrait-Monotrait Ratio (HTMT), providing another evidence for discriminant validity among the constructs. The HTMT values for all variable pairs fall below the critical threshold of 0.85 (Henseler et al., 2015), with Corruption and Organisation Culture showing a modest HTMT value of 0.292, indicating acceptable discriminant validity between these constructs. The relationship between Corruption and Power Distance is negligible, with an HTMT of 0.054, suggesting minimal association. Additionally, Organisation Culture and Power Distance demonstrate a mediating relationship with an HTMT of 0.251. So, these low HTMT values affirm that the constructs are distinct and free from significant overlap, reinforcing the model's validity (Henseler et al., 2015).

Table 5. Heterotrait-Monotrait Ratio (HTMT)

Variables	Corruption	Organisation Culture	Power Distance
Corruption	-	-	-
Organisation Culture	0.292	-	-
Power Distance	0.054	0.251	-

Source: Authors' data

After confirming the reliability and validity of the constructs, we proceeded with hypothesis testing by using bootstrapping. It employed a two-tailed test with a significance level of 0.05. The results are illustrated in Table 6.

Table 6. Hypothesis testing

Paths	β	STDEV	P Values	Notes
<i>Panel A: Direct effect</i>				
Family Status -> Corruption	-0.086	0.085	0.313	Not accepted
Gender -> Corruption	-0.034	0.085	0.689	Not accepted
Marital Status -> Corruption	-0.068	0.080	0.397	Not accepted
H1: Power Distance -> Corruption	0.031	0.088	0.726	Not accepted
H2: Organisation Culture -> Corruption	-0.285	0.087	0.001	Accepted
H3: Power Distance -> Organisation Culture	0.221	0.088	0.013	Accepted
<i>Panel B: Indirect effect</i>				
H4: Power Distance -> Organisation Culture -> Corruption	-0.063	0.032	0.048	Accepted

Source: Authors' data

Table 6 presents the results of hypothesis testing, suggesting several key findings. In the direct effects, neither family status ($\beta = -0.086$, $p = 0.313$), gender ($\beta = -0.034$, $p = 0.689$),

nor marital status ($\beta = -0.068, p = 0.397$) significantly influence corruption. Hypothesis *H1*, which proposed a positive relationship between power distance and corruption, was also not supported ($\beta = 0.031, p = 0.726$). However, *H2* was accepted, demonstrating a significant negative effect of organisational culture on corruption ($\beta = -0.285, p = 0.001$). Additionally, *H3* was confirmed, showing that power distance positively influences organisational culture ($\beta = 0.221, p = 0.013$). In the indirect effects, *H4* was accepted, indicating that organisational culture mediates the relationship between power distance and corruption ($\beta = -0.063, p = 0.048$).

The complex dynamics between power distance and corruption, as examined in our research, show interesting insights that challenge conventional assumptions. While power distance, often conceptualised as the degree to which lower-ranking individuals accept and expect unequal power distribution, is frequently associated with hierarchical inefficiencies, our findings suggest that it does not directly precipitate corrupt practices. This runs counter to the dominant narrative that elevated power distance inherently fosters environments conducive to unethical behavior (Achim, 2016; Boateng et al., 2021). However, its impact on organisational culture – defined as the shared values, beliefs, and practices that characterise an institution – emerges as both statistically and conceptually significant. In organisations where power distance is high, a distinct and influential cultural framework tends to develop, one that could reinforce norms of compliance, ethical governance, or control mechanisms. These cultural attributes, once entrenched, wield substantial influence in shaping organisational behaviour, potentially steering it away from corrupt tendencies. In this sense, power distance indirectly mitigates corruption through its formative impact on the collective ethos of an organisation.

Moreover, when we introduced organisational culture as a mediating variable, the interaction between power distance and corruption shifted dramatically. The mediating role of organisational culture serves as a pivotal axis around which corruption either gains or loses its foothold. Our findings indicate a significant and negative relationship between power distance and corruption when filtered through the prism of organisational culture. This suggests that a well-structured, ethically aligned culture can act as a bulwark against the otherwise corrosive effects of hierarchical disparities. What emerges from this analysis is the profound capacity of organisational culture to act as a corrective mechanism, recalibrating the influence of power distance toward more equitable and transparent outcomes. Organisational culture, therefore, is not a passive backdrop but an active agent in institutional governance, capable of transforming hierarchical structures into systems that deter corrupt behaviour. This realisation underlines the importance of cultivating an organisational culture that values integrity, accountability, and collective responsibility as essential tools in the fight against corruption.

Additionally, our study introduces a critical re-evaluation of the presumed relationships between individual demographic variables – specifically family status, gender, and marital status – and corrupt behaviours, positing that these factors do not exhibit a statistically significant correlation with corruption within organisational contexts. This finding challenges deeply ingrained sociocultural narratives that often associate personal characteristics with ethical predispositions (Alves, 2023), thereby questioning the extent to



which demographic identities inherently influence moral conduct. The absence of meaningful associations between these variables and corruption underlines the importance of shifting theoretical focus away from individual attributes toward systemic and institutional determinants that shape ethical or unethical behaviours.

Power distance, a measure of how power is distributed and accepted in hierarchical structures, significantly influences organisational culture. It creates a framework within which authority is both exercised and perceived, shaping norms, values, and interpersonal relationships. This hierarchical predisposition, while not directly facilitating corrupt practices, interacts with cultural mechanisms in ways that can either suppress or exacerbate tendencies toward ethical violations. In such environments, the centralisation of power is mitigated through collective governance structures that discourage corruption, leading to an inverse relationship between power distance and corrupt behaviours. At the crux of this exploration is a rethinking of how power distance is conceptualised, no longer viewed as a static force that unavoidably produces hierarchical abuses, but as a multifaceted and context-sensitive construct (Guritno et al., 2020; Bardhan, 2017). Organisational culture, in this regard, is elevated from a passive, background element to a critical construct that not only reflects internal organisational norms but actively shapes the way power is experienced and enacted within institutions. This insight extends current theoretical discussions by suggesting that hierarchical structures and the cultural systems they cultivate are mutually constitutive, forming an intricate feedback loop that either fosters or mitigates unethical behaviours depending on the cultural milieu. This revision challenges earlier deterministic views that frequently positioned power distance as inherently linked to deleterious outcomes such as corruption (Tu et al., 2020).

Guritno et al. (2020) highlight power distance as one of the significant cultural dimensions linked to corruption, suggesting that in countries with high power distance, individuals tend to accept unequal distributions of power, which may, in turn, enable corrupt practices. However, their analysis largely stops at identifying this correlation, leaving unanswered questions about how and why this relationship materialises in specific organisational contexts. The current study builds upon this by moving beyond mere correlation to investigate the underlying mechanisms through which power distance interacts with organisational culture to foster or prevent corruption. Rather than treating power distance as a static cultural trait, the current research conceptualises it as a dynamic variable whose impact on corruption is contingent upon the prevailing organisational culture. According to (Novella-García and Cloquell-Lozano, 2021), culture can change over time, influenced by leadership, governance structures, regulatory environments, and even shifts in market dynamics. This theoretical shift suggests that organisations are not bound by the negative effects typically associated with high power distance; rather, they have the capacity to cultivate a culture that can transform the ethical climate of the organization (Dipierro, and Rella, 2024). Thus, the active role of culture implies that organisations have agency in shaping their ethical environments through intentional cultural management. This could involve fostering ethical leadership, establishing transparent decision-making processes, and encouraging open communication across all levels of the hierarchy. Organisational culture can serve as a formidable counterbalance to the adverse effects of high power distance, instilling norms and values that promote integrity, accountability, and ethical decision-making. It can be proposed that cultures that emphasise egalitarian principles cultivate a

collective consciousness that dissuades corrupt practices, engendering a sense of shared responsibility among employees. Therefore, our study enriches the understanding of how hierarchical acceptance, when mediated by organisational norms such as transparency or ethical leadership, can either exacerbate or mitigate corrupt behavior.

Furthermore, the findings suggest a disassociation between personal demographic factors, such as family status, gender, and marital status, and the propensity for engaging in corruption. This points suggest that individual characteristics may play a less significant role in fostering corrupt behaviours than structural and cultural variables within organisations. Rather than being driven by personal predispositions (Baumann, 2020), the inclination to engage in unethical behaviours seems more deeply rooted in the systemic attributes of organisational environments. The absence of any substantial correlation between personal demographics and corruption further reinforces the importance of examining institutional factors, such as culture and hierarchy, in understanding and addressing corruption (Silitonga et al., 2019). Then, this lack of significant correlation between these demographic factors and corrupt behaviours challenges the assumption that simply increasing the representation of specific social groups directly contributes to ethical governance or inhibits corruption (De Clercq et al., 2021; Meyer-Sahling and Mikkelsen, 2022). Instead, these results point toward the dominance of institutional and cultural mechanisms as the primary drivers in shaping organisational ethics. This calls for a shift in focus from individual characteristics to the broader organisational and societal frameworks that shape ethical or unethical behaviours, highlighting the need for systemic reforms in governance structures to foster environments where corrupt practices are not only discouraged but structurally inhibited.

Therefore, it is premature to definitively conclude that family status, gender, and marital status serve as reliable predictors of an individual's propensity to engage in corruption. While these demographic factors might influence certain behavioral tendencies or social expectations, they are insufficient in isolation to explain the complex, multifaceted phenomenon of corruption. Corruption is typically driven by a convergence of situational pressures, organisational dynamics, individual morality, economic incentives, and broader socio-political contexts. Family status, for instance, may reflect a person's social background or economic standing, but it does not inherently determine ethical behavior. Similarly, gender and marital status, while they can shape access to networks of power and influence or reinforce certain societal norms, are far from being deterministic in understanding corrupt actions. If one accepts the existentialist claim that existence precedes essence, then no external categorisation – whether family status, gender, or otherwise – can definitively determine one's propensity for corruption. Instead, individuals are continuously confronted with the radical freedom to choose, including the choice to act ethically or unethically. The existential weight of this freedom negates any deterministic argument that ties corrupt behavior to external societal categories. To conclude otherwise would be to deny the fundamentally open-ended nature of human decision-making, which is characterised by its unpredictability and the potential for moral transformation.

In this framework, corruption becomes an ethical decision that stems from the individual's engagement with their freedom and their own moral compass, rather than an inevitable outcome dictated by external forces like family or gender. The existentialist notion



of “bad faith,” or the denial of one’s freedom in order to escape the burden of responsibility, is crucial here. Corruption could be viewed as an act of bad faith, where the individual denies their capacity for ethical choice and instead surrenders to societal norms, institutional pressures, or perceived necessities. However, existentialism also holds that no individual is ever fully trapped by these circumstances; the possibility of moral transformation always exists. The capacity for moral evolution is an essential aspect of the existentialist view of the self, where each person is continuously faced with the responsibility to redefine their values and actions in relation to their freedom. Corruption, in this light, is not an unalterable trait but a decision that can be reversed through genuine confrontation with one’s ethical responsibility. Or it can be argued that corruption is not a fixed state but a temporary lapse in moral freedom that can be overcome through conscious reflection and ethical commitment. Research into corruption often exposes that it is more profoundly influenced by factors like institutional frameworks, regulatory environments, personal values, and the presence of systemic oversight mechanisms. Additionally, the intersection of cultural, legal, and economic structures creates diverse conditions under which corruption occurs, suggesting that simplistic correlations with demographic variables fail to capture the underlying mechanisms.

The managerial implications of these findings prompt a reconsideration of how organisations approach the mitigation of corruption, particularly by decoupling individual demographic characteristics from ethical risk assessments. Traditional approaches, which may overly focus on factors such as gender, family status, or marital status as potential indicators of vulnerability to unethical behaviours, are rendered ineffective by the lack of significant correlation between these variables and corrupt actions. This suggests that managerial efforts aimed at fostering ethical behaviours should prioritise systemic and organisational interventions over demographic profiling. Ethical lapses within institutions are better understood as a product of the organisational culture, power dynamics, and operational structures that either enable or discourage such behaviours. Managers, therefore, should emphasise cultivating a robust organisational culture that promotes transparency, accountability, and ethical decision-making, as these structural elements exert a far more substantial influence on reducing corruption than individual characteristics. Such a shift in focus will ensure that anti-corruption measures are directed toward fortifying institutional systems, rather than relying on personal attributes as proxies for ethical behaviours.

Moreover, these findings imply that diversity initiatives and managerial strategies that emphasise inclusivity and equal opportunity should proceed without the presupposition that demographic variables such as gender or marital status are linked to ethical predispositions. The absence of a significant association between these variables and corruption highlights the fallacy of demographic determinism within ethical frameworks, affirming that ethical integrity transcends personal identity markers. Managers should be mindful of avoiding latent biases that could inadvertently inform recruitment, promotion, or disciplinary practices based on assumptions about individual attributes. Instead, managerial strategies should be geared toward strengthening institutional frameworks that consistently reinforce ethical norms and accountability mechanisms across all levels of the organisation. This reorientation requires a managerial paradigm that sees ethical behaviours as a collective responsibility fostered through the cultivation of transparent communication, ethical

leadership, and organisational practices designed to preempt ethical breaches through structural resilience, rather than demographic assumptions.

CONCLUSION

The complex dynamics between power distance and corruption, as explored in our research, disclose significant insights that challenge established assumptions. Contrary to the prevailing belief that high power distance fosters corrupt practices, our findings suggest that power distance does not directly lead to corruption. Instead, its influence lies in shaping organisational culture – defined by shared values, beliefs, and practices. In high power distance organisations, distinct cultural frameworks often emerge that promote compliance, ethical governance, or strong control mechanisms, potentially steering the institution away from corrupt tendencies. When organisational culture was introduced as a mediating factor in our analysis, the relationship between power distance and corruption shifted, showing a negative correlation. This highlights that an ethically aligned organisational culture can counterbalance the effects of hierarchical disparities and mitigate corruption. Our study emphasises that organisational culture is not merely a background factor, but an active agent capable of transforming hierarchical structures into transparent and accountable systems. Additionally, we found no statistically significant correlation between individual demographic variables – such as family status, gender, and marital status – and corrupt behaviours. This challenges sociocultural narratives that link personal attributes to ethical predispositions, and emphasises the need to focus on systemic and institutional factors in addressing corruption. These insights underline the critical role of cultivating a culture of integrity, accountability, and responsibility within organisations to combat unethical practices.

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