DOES LEADERSHIP REALLY MATTER IN COMBATING FRAUD?
INDONESIAN’S MILLENNIALS PERSPECTIVES

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ABSTRACT

This research aims to synthesize Indonesian’s millennials opinion and perspective on the impact of leadership and their preference on leadership type in anti fraud context. Despite common opinion emphasizing the important role of leadership on anti fraud and anti corruption campaigns, this research intends to focus on examining the insights of millennials. This research targeted millennials as one of the largest age-group in the current workforce.

This research proposes three research questions; first, to Indonesian’s millennials, does leadership really matter in anti fraud and anti corruption campaigns? Second, what leadership characteristic is the most important according to the millennials? And third, what is millennials’ leadership-style preference?

Using questionnaires, the research collects 231 responses from respondents in 5 cities in Indonesia. The research found that millennial agrees that leadership has strong impact in combating fraud and corruption. The research shows that millennials put trustworthiness as the most important characteristic for a leader. Finally, it also reveals that millennials prefer leader that applies coaching leadership-style.

Understanding millennials’ opinion on this topic will provide valuable insight while formulating specific leadership approach for leaders to engage their team member in achieving the objectives, in particular on anti fraud and anti corruption campaigns. The result of this research proposes that specific leadership-style shall be taken to effectively engage millennials team-members in conducting a successful anti fraud campaigns and combating fraud and corruption in the workplace.

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1. Introduction

20 years after the 1998 crisis, corruption eradication is still become an important challenge for Indonesia. Both on public and private sectors, the practices of corruption, collusion and nepotism are still commonly (although mostly are hideous) practiced. Such practices can take on many forms, including bribery, kickbacks, illegal gratuities, economic extortion, and collusion (ACFE, 2017).

Efforts are initiated and taken, both preventive and curative, related to anti-fraud and anti corruption. Various factors affecting fraud and corruption practices are continuously identified to enable a more comprehensive strategy in combating fraud. Many researchers suggested that leadership is one of the most influencing factors to the ethics and integrity of its employees (Dickson et al., 2001; Paine, 2003). Specifically, Trevino et al. (2000), pp. 131, 134-136) concluded three important qualities of leadership that related to employees ethics and integrity, namely, role modeling (ability to a good example for employees), strictness (ability to apply clear reward and punishment for employees), and openness (willingness to discuss ethical problems and dilemmas).

As various previous research suggest, leadership holds pivotal role for organisation to achieve their objectives. Further current demographic profile of the workforce is varying, although it is dominated by millennial. It is therefore a necessity for leaders to identify and adapt to the multiple generations of employees to be able to lead effectively. Within the particular context of leadership roles on anti fraud and anti corruption, despite the common belief on the importance of leadership, further interesting questions are then addressed: do the millennials fully agree with the importance of leadership on anti fraud and anti corruption campaigns? If so, do they have specific preference on leaders’ characteristic and leadership-style?

Using the survey (questionnaire-based) to Indonesian’s millennials, this paper aims to further examine and understand the Indonesian’s millennial perspective on leadership and its impact towards anti fraud and anti corruption campaigns.

Understanding such perspective is beneficial for leaders to be able to formulate specific approach on how to effectively lead the millennials – as the dominant and growing members of their team. In anti fraud and anti corruption context, an appropriate leadership strategy and approach will ease leaders in becoming role model of their team which will in turn ensuring the accomplishment of organisation’s objectives

2. Definition

2.1 Corruption

Post 1998 crisis, the term “KKN” (Korupsi, Kolusi, Nepotisme – Corruption, Collusion and Nepotism) has commonly named as the main causes of the monetary crisis that eventually end the Soeharto Regime (Soeharto and Nugroho, 2017). Corrupt acts can be inevitable at certain circumstances. In order the acts to be carried out; involved parties need to have “powers,” either as holders (decision makers) or as seekers (those who receive benefits). Acts range from offering extravagant rewards to extortion as forms of “power-exchange” between holders and seekers. This exchange results in favourable decision to one party, power seekers, and (mostly) economic benefit to power holders in return.

In general terms, corruption is an artefact of social and political organisation and, as such, is a phenomenon of infinite complexity (Warburton, 2013). Defining corruption requires multitude resources and thorough comprehension. However, the designation can be condensed into a term used to describe various types of wrongful acts designed to cause an unfair advantage. It can take on many forms, including bribery, kickbacks, illegal...
gratuities, economic extortion, and collusion (ACFE, 2017).

2.2 Leadership

Every one of us plays a leadership role in a social relation. Therefore, one is ethically responsible and accountable for all interactions with other people along with their consequences. At the same time, human beings are natural born followers, as well. Within seconds of birth, babies impersonate their mothers’ facial expressions such as smiling, laughing, and eyeball movement or gazing to an object. This mimicking phase lasts for several months until babies are able to construct their own expressions independently. This mother-infant relationship is an earliest form of leadership-followership and it is considered as one of pivotal survival strategies a human being needs to encounter. Researchers and academicians have introduced plentiful approaches to become an effective and charismatic leader, while some experts focus on ethical issues of corporate leadership and its effects to profitability.

Ronald Heifetz, a prominent leadership expert at the Harvard University’s John F. Kennedy School of Government, developed an intriguing concept of leadership. Heifetz stated, “Leadership means influencing the organization to face its problems and to live into opportunities ... mobilizing people to tackle tough challenges ... is what defines the new job of the leader ... At the highest level, the work of a leader is to lead conversations about what’s essential and what’s not” (Taylor, 1999).

In addition, Jack Welch, a former General Electric’s remarkable CEO, concurs Heifetz’s notion. Exceptional and influential leaders, Welch added, are the ones who possess energy to get going, energize others to perform, have an edge in decision making and competition, and execute in confidence (Krames, 2005).

The Asian Leadership Index (ALI) defines 10 leadership attributes and behavioural descriptors of leadership which foster mutually constructive relationship between leaders and subordinates. Those are: Visionary, Communicative, Trustworthy, Performance-Driven, Empowering, Develop Others, Bold, Emotionally Aware, and Technically Competent (IFLIC, 2014).

Further, as leaders and followers may encounter various circumstances in interaction, there seems to be no leadership style that fits to all condition; therefore, the Situational Leadership Model is introduced. The four different types of Situational Leadership are: Directing, Coaching, Supporting, and Delegating (Blanchard and Harsey, 1996). Thus, understand specific preference on those qualities and styles will help leaders to set up leadership atmosphere for implementation of causes and achieving organisation’s objectives.

2.3 Millennials

There are various definitions on millennial. Those definitions mainly differ on determining which years they were born. Smola and Sutton (2002) opine that millennials are those who were born between 1979 and 1994. On the other hand, KPMG offers a slightly different year span to define millennials, that is those who are born between 1980 and 1995 (KPMG, 2017) while Accenture suggests those who are born between 1980 and 2000 (Accenture, 2018). Regardless the different approaches which have been aired, millennials have captured noticeable attention in literature and press. They have been depicted as lacking in loyalty and work ethic (Myers and Sadaghiani, 2010). Although countless stereotypes have surrounded their existence; the millennial generation is still special and unique. Therefore, organizations and businesses have to alter their strategies to adapt to their presence in a work place, as well as in public order.
The millennial generation likes to be rewarded or recognized, values flexibility, feels more accountable to issues around the world, may not stay at one company for long, and prefers teamwork with interactive working environments (Knapp, 2017). Millennials experience the transition of technology, from analog domination to digital revolution. As a better tech-literacy generation than their predecessors (generation X), the opportunity to explore the world through smart devices widened, and their curiosity leads to a more tolerant generation. By embracing the generation shifting phenomenon, organizations and policy makers ought to create a more millennials-friendly approach where mentorship, flexibility, continuous knowledge advancement, recognition programs, and technology implementation are available.

3. Previous Research

3.1. Leadership qualities and ethics integrity

Various researches suggested that leadership is one of the most influencing factors to the ethics and integrity of employees (Dickson et al., 2001; Paine, 2003; Trevino and Nelson, 1999). Further, Trevino et al. (2000), pp. 131, 134-136) concluded that there are three important qualities of leadership that related to employees ethics and integrity, namely, role modeling (ability to a good example for employees), strictness (ability to apply clear reward and punishment for employees), and openness (willingness to discuss ethical problems and dilemmas).

3.1.1. The Leader as role model

Sims and Brinkman (2002) conducted case study which emphasized the importance of moral tone and example set by leaders in an ethical organization. Various researches agree that leaders are role models for employees (Bass and Steidlmeier, 1999; Dickson et al., 2001; Fulmer, 2004; Gini, 2004; Price, 2003; Zhu et al., 2004). Leaders’ behaviors reflect the applicable norm of the organization. The employees, in turn, tend to follow supervisor’s behavior.

3.1.2. Leader’s strictness

In organizational setting, employees tend to do what is rewarded, and avoid doing what is punished (Butterfield et al., 1996). In other research, Trevino (1992) reveals that employees will avoid doing ethical violations when such behavior is punishable and that punishment level outweighs any potential reward. It is therefore necessary for Managers to be clear and consistent on what is permitted and what is forbidden (Bovens, 1998). Such clarity and strictness in applying organizational norms will help them to encourage their employees in preventing integrity misconducts and violation.

3.1.3. Openness of the manager

Research conducted by Mason (2004) confirmed the finding of Trevino et al., 1999 which mentioned that the likelihood of employee misconducts decreases when there is openness in an organization. Further, Mason (2004) also suggest employees in an open organization can openly discuss mistakes, asking for advice on integrity-related issues/dilemma, and report inappropriate behavior. In the other camp, employees in a closed organization tend to unable deliver criticism, covering up bad news and employees are even encouraged to keep silent on misconducts occurred in their surroundings. (Kaptein and Wempe, 2002; Trevino and Nelson, 1999). It is important for leaders to be approachable and transparent. This quality will open access for employees to discuss any ethical misconducts/dilemma, which in turn, will decrease ethical or integrity misbehavior.

3.2 Leadership to Multiple Generations

A leader-subordinate relationship is critical in achieving organizational objectives.

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However, current workplaces tend to consist of multiple generations rather than workforces of single or similar age.

Arsenault in *Validating Generational Differences: A Legitimate Diversity and Leadership Issue* clearly synthesized as follows:

*Baby Boomers* prefer a collegial and consensual style. Passionate and concerned about participation and spirit in the workplace. They espouse lots of communication, sharing of responsibility, and respect from each other’s autonomy. Baby Boomers despise the traditional hierarchy and make every effort to turn the hierarchy upside-down.

*Generation X* trend to be fair, competent and straightforward. Do not respect authority as did past generations as they prefer egalitarian relationship. Like to be challenged and thrive on change. Brutal honesty is a trademark of this generation.

*Nexters* [Generation Y] prefer a polite relationship with authority. Like leaders who pull people together. Believe in collective action and a will to get things changed.

As consequence, in successfully performing their roles leaders must identify and adapt to the multiple generations of employee (Mason, 2004).

### 4. Methodology

To answer the research questions, this research employs a survey method using online-questionnaire. Despite various researches shows both advantages and disadvantages of using online survey (Wright, 2005) the questionnaire in this research is collected using a web-based (online) survey platform. This online platform offers a time and cost efficient method to reach the respondents and collect the information.

The questionnaire consists of 25 questions in addition to personal information requirements (i.e. name, birth year, latest formal education, and occupation). The questions are designed to obtain information from respondents related to research questions. The questionnaire is divided into 3 parts. The first part is the information of the respondent where the respondents must fill their bio data. In the second part, respondent is asked their opinion on the leadership role in anti fraud and anti corruption campaigns. They are also requested to rank 10 leadership characteristics (ICLIF, 2014) according to their preference. In the last part, using likert scale, respondent is requested to answer questions on leadership styles.

In selecting the respondents, this research applies purposive sampling technique. Respondents of this research are individuals born between 1979 to 1994, who live in 5 cities, namely: Jakarta, Surabaya, Padang, Balikpapan and Makassar. The information collected are then synthesized and presented to answer the research questions.

### 5. Research Questions

This research aims to examine and understand the millennials’ perspective on leadership and its impact towards anti fraud and anti corruption campaign. Three research questions were proposed on this research, as follows:

**Research question No. 1:** For millennials, does leadership really matter in anti fraud and anti corruption campaigns?
Research question No. 2: What leadership characteristic is the most important according to millennials?

Research question No. 3: What is millennials’ leadership-style preference?

6. Results and Discussion

6.1 Respondents Profile

We have chosen the respondents who are currently residing in five different cities, namely Balikpapan, Jakarta, Makassar, Padang and Surabaya. As the research targeted millennial as specific group, respondents on this research were born between 1979 to 1994 (Smola & Sutton, 2002). This age bracket is more appropriate to capture respondents who are currently working. As in 2018, the respondents’ age will range from 24 to 39 years old.

All respondents are currently working, either in private companies, public sectors/state owned enterprises or as professional. Their latest formal education varies from High School, Bachelor degree or Post Graduate Degree.

During the period of 10 April to 30 April 2018, we have collected responds from 252 respondents using online survey. However, only 231 respondents completely answered all the questions.

Detailed profile of the respondents is presented on the following tables.

<table>
<thead>
<tr>
<th>City</th>
<th>Head Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balikpapan</td>
<td>45</td>
</tr>
<tr>
<td>Jakarta</td>
<td>53</td>
</tr>
<tr>
<td>Makassar</td>
<td>49</td>
</tr>
<tr>
<td>Padang</td>
<td>32</td>
</tr>
<tr>
<td>Surabaya</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>231</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
</tr>
<tr>
<td>26</td>
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<tr>
<td>27</td>
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<td>35</td>
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<tr>
<td>36</td>
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</tbody>
</table>
6.2 Leadership Impact on Anti-Fraud and Anti-Corruption Campaigns

In the questionnaire, respondents are first asked to provide their comment whether leadership has impact on anti-fraud and anti-corruption context. All respondents agree that leadership hold important impact, with different emphasizes, on anti-fraud and anti-corruption, as can be seen in Table 5.
6.3 Millennials’ View on an Leader’s Characteristic

In the second section of the questionnaire, respondents are presented with 10 different leadership characteristics. These characteristics refer to 10 leadership attributes and behavioural descriptors of leadership as proposed by The Asian Leadership Index (ALI). Those are: Visionary, Communicative, Trustworthy, Performance-Drive, Driven, Empowering, Develop Others, Bold, Emotionally Aware, and Technically Competent (IFLIC, 2014).

Further, they are requested to rank those characteristics. They should put rank 1 to a specific characteristic that is deemed to be the most important character for a leader and to put rank 10 to a character that is perceived to be least important for a leader.

The result shows that “Trustworthy” has been chosen as the most important character for a leader. Detailed result and explanation on each characteristic is presented on Table 6 and Table 7.

Table 3. Respondents’ Profile: Occupation

Adapted from ICLIF (2014)

6.4 Millennials’ Preference of an Leadership’s style

On the last part of the questionnaire, the respondents are asked to answer 24 questions related to their preference on leadership style. The question is derived and adapted from Blanchard and Harsey (1996). This set of questions aims to map respondents’ preference on leadership style.

The result of the survey and explanation on each leadership style can be found in table 8 and table 9.
Table 8. Millennials’ Preference on Leadership Style

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coaching</td>
<td>• Represents management’s position in a convincing manner</td>
</tr>
<tr>
<td></td>
<td>• Try to motivate people to make decisions</td>
</tr>
<tr>
<td></td>
<td>• Sell staff in their own ability to do the job</td>
</tr>
<tr>
<td></td>
<td>• Praise staff for their good work</td>
</tr>
<tr>
<td></td>
<td>• Provide staff with a lot of feedback on how they are doing</td>
</tr>
<tr>
<td>Directing</td>
<td>• Provide detailed instructions</td>
</tr>
<tr>
<td></td>
<td>• Give staff specific goals and objectives</td>
</tr>
<tr>
<td></td>
<td>• Check frequently with staff to keep them on track</td>
</tr>
<tr>
<td></td>
<td>• Demonstrate the steps involved in doing the job</td>
</tr>
<tr>
<td>Delegating</td>
<td>• Delegate broad responsibilities to staff and expect them to handle the details.</td>
</tr>
<tr>
<td></td>
<td>• Expect staff to find and correct their own errors</td>
</tr>
<tr>
<td>Supporting</td>
<td>• Involve staff in making the decisions which will affect their work</td>
</tr>
<tr>
<td></td>
<td>• Make staff feel free to ask questions and discuss important concerns</td>
</tr>
<tr>
<td></td>
<td>• Hold frequent staff meetings</td>
</tr>
<tr>
<td></td>
<td>• Help staff locate and support their own developmental activities</td>
</tr>
<tr>
<td></td>
<td>• Listens to staff problems and concerns without criticising or judging</td>
</tr>
</tbody>
</table>

Table 9. Leadership Styles

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Adapted from Blanchard and Harsey (1996)

7. Conclusion, Implications and Further Research

This research discusses leadership as role model in anti fraud and anti corruption context. Given the current demographic in the workforce that is dominated by millennial, this research aims to answer three research questions: First, for millennials, does leadership really matter in anti fraud and anti corruption campaigns? Second, what leadership characteristic is the most important according to millennials? And third, what is millennial’s leadership preference?

Having examined the responses on the survey, the research is able to provide answers to the research questions. First, millennials agree that leadership has strong impact in anti fraud and anti corruption campaigns. Second, 49% of the respondents opine that “trustworthy” is the most important character for a leader. Third, it is found that each millennial has their own preference on leadership style. It is noted that 30% of respondents prefer “coaching” leadership style. However, other leadership styles (“directing”, “delegating” and “supporting”) are also preferred by remaining respondents by 26%, 23% and 21% respectively.
The result of this research provides inputs for leader to formulate their approach in managing their millennials’ employees. For example, to engage the millennial on achieving organizations’ objectives, leaders may need to highlight and put emphasis on their trustworthiness. Further, among other leadership styles, leaders may opt to apply coaching leadership-style that is more preferable for millennial alike.

In the anti fraud and anti corruption context, this research provides support to the common opinion that leadership has an important role in building anti fraud culture and system. This research also proposes a reminder that one-fits-all approach may not be effective to be applied. Instead, this research urges leader to continuously tailor-made their leadership style to ensure effective buy-in from their employees.

Subsequent research on this topic may need to consider other sampling technique and methodology. Alternative technique and methodology will be beneficial to eliminate inherent limitations of purposive sampling technique and online questionnaire (Zhi, 2011). Further research, with a larger respondents and using other methodology (i.e. in depth interviews, focus group discussion) may be required to obtain broader views of the respondents and to further validate the findings of this research.

8. References


Kevin B. Wright; Researching Internet-Based Populations: Advantages and Disadvantages of Online Survey Research, Online Questionnaire Authoring Software Packages, and Web Survey Services, Journal of Computer-Mediated Communication, Volume 10, Issue 3, 1 April 2005, JCMC1034


