

Analysis of the Impact of PT Waskita Karya Corruption on State Financial Accountability: Government Accounting Perspective

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Abstract: Corruption is one of the main problems facing developing countries, including Indonesia. Corruption cases involving State-Owned Enterprises (BUMN) such as PT Waskita Karya have a significant impact on state financial accountability. This research aims to analyze the impact of corruption at PT Waskita Karya on state financial accountability from a government accounting perspective. This research applies a descriptive approach through the literature study method. The research results show that corruption at PT Waskita Karya has a negative impact on state finances, reduces public trust, disrupts development projects, and damages the company's reputation. Government accounting has an important role in increasing transparency and accountability to prevent and overcome the impacts of corruption.

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INTRODUCTION

One of the main issues that needs to be addressed in developing countries is the problem of corruption (Olken, 2007). According to Robert Klitgaard, corruption occurs when someone abuses state office for personal interests such as status or money, violates regulations, and involves himself, his family or his group. Sam Santoso also considers corruption as failure to carry out official duties for personal gain, similar to theft. According to Henderson, J. V., & Kuncoro, (2011) power holders in Indonesia are not only involved in taking money, but also carry out small actions that can lead to corruption for their own personal gain.

Even though the government has tried to reduce corruption, perpetrators of corruption in government circles still emerge every year. This results in the government's image being tarnished and has an impact on the country's poverty (Deny, 2018). BUMN, which receives funding from the government for its operations, manages large amounts of funds. The management of these funds is often threatened by corruption and systematic misappropriation of funds by individuals who want to enrich themselves (Novendra, B., & Syifa, 2020). As providers of public services, BUMN has the potential to become a venue for corrupt actions if it is not accompanied by the use of Good Corporate Governance (GCG) principles and good bureaucracy (Skandiva & Harefa, 2021).

Corruption cases involving BUMN Karya, such as PT Waskita Karya, PT Adhi Karya, PT Hutama Karya, and PT Pembangunan Perumahan, are often related through allegations of abuse of power, embezzlement, or other corrupt behavior involving officials or related parties. One significant case occurred at PT Waskita Karya in 2023. This case involved the company's President Director, Destiawan Soewardjono, who was suspected of being involved in the misuse of funding facilities from various banks for the benefit of PT Waskita Karya and PT Waskita Beton Precast Tbk, its subsidiary. The impact of this act of corruption is estimated to reach state losses of more than IDR 2.5 trillion, which not only disrupts state finances but also company operations (Azzahra et al., 2023).

This case shows the importance of strict supervision and reform in BUMN to prevent corruption. This is important because corruption can damage the reputation and public trust in government institutions and state companies such as Waskita Karya. It is important to note that this case violates the principles of good corporate governance such as transparency, accountability, responsibility, independence, fairness and equality (Kurnia, 2021). Apart from this, this corrupt practice is also detrimental to the state as the majority shareholder in BUMN, so efforts need to be made to recover assets (Saptono & Purwanto, 2022).

This research aims to analyze the influence of the corruption case at PT Waskita Karya on state financial accountability by examining how the case affects transparency, public financial management, and the level of public trust. This research aims to assess corruption cases at PT Waskita The work influences state financial accountability by looking at its impact on transparency, public financial management and public trust.

METHOD

Method literature study was chosen in this study because it allows researchers to overcome limitations of time, resources, and accessibility to the population or sample which are desired. By using literature review from Google Scholar and journals in the last 10 years, researchers gained an in-depth understanding of the impact of PT Waskita Karya corruption on state financial accountability in the context of government accounting

The data analysis method used in this research is descriptive analysis, which includes accurate data collection, organizing the data, and analysis carried out to provide a clear picture of the impact of PT Waskita Karya corruption on state financial accountability in the context of government accounting. This analysis strengthens findings from the literature and provides a comprehensive perspective regarding the impact of corruption at PT Waskita Karya.

RESULTS AND DISCUSSION

The Impact of Corruption at PT Waskita Karya on State Financial Accountability

The principle of accountability emphasizes transparency, integrity and internal responsibility management of finances and public resources. To prevent corruption, this principle is crucial so that perpetrators of corruption can be held accountable for their actions and for making government processes more open and well supervised (Nisak et al., 2023). Corruption cases can occur in various forms and have varying impacts on the sustainability of state financial accountability. The impact of this corruption case is very significant, especially for PT Waskita Karya (Persero), one of the largest construction BUMNs in Indonesia. This case can cause state financial losses, decreased public trust, disruption to development projects, legal and regulatory implications, damage to company reputation, increased supervision and internal control.

1. State financial losses

Corruption occurs in a systematic, widespread and structured pattern, which not only harms state finances but also violates the social and economic rights of society as a whole (Robina, 2022). According to the Consolidated Financial Report quoted in Aqil, (2022) One of the state-owned companies involved in the corruption case is PT Waskita Karya Tbk. This company has total assets of around Rp. 102 trillion. In 2020, a number of high-ranking officials of this company were involved in a fictitious project case that cost the state up to 202 billion rupiah. Apart from that, the case of misappropriation of funds involving high-ranking officials of PT Waskita Karya Beton Precast Tbk as a subsidiary of Waskita Karya, is currently under investigation and is suspected of causing state losses of up to 1.2 trillion rupiah (Aqil, 2022). Corruption is a common problem that often occurs in Indonesia. In 2021, total state losses due to corruption will reach IDR. 62.9 trillion, an increase compared to Rp. 56.7 trillion in 2020. Of these losses, only around 12-13% was recovered (Satria, 2020). In the case of the fictitious PT Waskita Karya project in 2020, state losses reached IDR. 202 billion. Although there are efforts to recover company assets, to date only Rp. 17 billion which was successfully returned (Satrio, 2020). From these facts, it can be seen that corruption is a serious problem that is eating away at the Waskita Karya Group. This action violates the principles principles of good corporate governance which prioritize transparency, accountability, responsibility, independence, fairness and equality (Kurnia, 2021). In addition, as the majority shareholder in state-owned companies, the state directly experiences losses due to widespread corrupt practices, so efforts are needed to recover assets to cover these losses.

Corruption at PT Waskita Karya, such as in cases of fictitious projects or budget inflation, causes significant financial losses for the state. Funds that should be allocated for infrastructure development and improving public services are actually misused for personal or certain group interests. This reduces the effective use of the state budget and hinders national development.

2. Decline in Public Trust

Public trust is people's confidence in the state and government, including institutions, policies and officials (Wahyunengseh, 2011). A good relationship between the community and government officials as well Elected representatives are an important factor in implementing public governance principles effective (Tanny & Al-Hossienie, 2019). This relationship is also very related with state legitimacy and is crucial to ensure smooth running various government processes (UNDP, 2021).

The corruption case involving PT Waskita Karya had serious impacts, including reducing public trust in the construction sector. Corruption in the company BUMN like this can also reduce public trust in the government and state institutions, because it raises doubts about transparency and accountability in managing state finances. This could potentially decrease support as well community participation in government programs.

3. Disruption to Development Projects

The corruption case at PT Waskita Karya has disrupted several infrastructure development projects in Indonesia. Waskita Karya has been involved in building fictitious projects, where they use funds from Supply Chain Financing (SCF) to pay debts from projects that were never actually built. Examples of fictional projects include the construction of the Krian-Legundi Toll Road Bunder-Manyar, procurement of concrete tetrapods, split stone and sand, as well as purchasing fictitious land.

The alleged corruption case related to irregularities or misuse of PT Waskita Beton Precast funds in the 2016-2020 period, which caused state losses of around IDR 2.5 trillion, has just been revealed. The investigation was only carried out because it was just identified that there was a process of seeking funds related to a fictitious project. The President Director of PT Waskita Karya, Destiawan Soewardjono, was named a suspect because of the alleged order and approval for the disbursement of Supply Chain Financing (SCF) funds using fake supporting documents. Destiawan was detained for 20 days at the Salemba State Detention Center which is under the supervision of the Attorney General's Office. PT Waskita Karya's shares were suspended by the Indonesian Stock Exchange due to the company's inability to fulfill its debt payment obligations. The Attorney General's Office continues consult with the Financial and Development Supervisory Agency (BPKP) to reveal all individuals involved in corruption cases.

This corruption can cause delays or termination of important development projects. For example, if project funds are misappropriated, the project may not be completed on time or with the expected quality. This case not only has an impact on the budget, but also on the benefits that the community should receive from these projects.

4. Damage to Company Reputation

The case of fabricated financial reports and fictitious projects involving PT Waskita Karya shows a significant impact on the company's reputation. Investor confidence has decreased drastically due to the company's involvement in illegal acts, which causes high risks in investments. This leads to a decline in the value of the company's shares. In addition, with a tarnished reputation, PT Waskita Karya faces difficulty winning tenders or new projects, because many parties are reluctant to work with companies that have a history of corruption.

The legal problems and large fines that companies face as a result of these acts of corruption also burden the company's finances, reducing liquidity and worsening financial conditions. Losing customers and business partners is a significant knock-on effect, as they do not want to be associated with a company that has a bad reputation. Thus, the PT Waskita

Karya corruption case emphasizes how reputational damage due to corruption can destroy various aspects of a company's operations and finances, as well as hinder long-term business growth and sustainability.

State-owned companies involved in corruption cases suffer significant reputational damage. This can reduce the confidence of investors and business partners, as well as affect the value of company shares. A bad reputation can also hamper a company's chances of getting new projects or investments in the future.

The Role and Challenges of Government Accounting in Eradicating Corruption at PT Waskita Karya

Government accounting acts as an internal and external control tool to ensure transparency and accountability in the management of state finances. At PT Waskita Karya, government accounting plays an important role in:

1. Increase transparency and accountability

Increasing transparency and accountability in government accounting can be done by encouraging public institutions, such as PT Waskita Karya, to publish information openly and transparently. This allows the public to monitor and supervise the use of public budgets and resources, thereby reducing opportunities for corruption. In the case of PT Waskita Karya, it is important to increase transparency in the budgeting process and procurement of goods and services. This transparency will help detect and prevent corrupt practices, so that misappropriation of funds and project manipulation can be identified early by the public and authorities.

2. Building an anti-corruption culture

The government must encourage society and public institutions, including PT Waskita Karya, to develop an anti-corruption culture. This includes education, training and application of integrity values so that every decision and action is based on the principles of transparency, accountability and honesty. This step will not only reduce the risk of corruption as has occurred previously, but also create an environment where everyone feels responsible for reporting suspicious actions and supporting effective corruption prevention efforts.

3. Strengthen supervision and law enforcement

The government needs to strengthen supervision and law enforcement against criminal acts of corruption, including at PT Waskita Karya, to ensure justice and reduce corruption. This can be done by increasing the capacity of anti-corruption institutions and strengthening cooperation between law enforcement agencies, such as the police and prosecutors. With this approach, violations such as misuse of project funds or manipulation in the procurement of goods and services can be handled effectively, as well as sending a signal that corrupt practices will not be accepted and will be subject to sanctions in accordance with applicable legal regulations.

4. Encourage active community participation

The government must encourage active community involvement in monitoring and eradicating corruption. This can be done by inviting the public to report corruption cases and providing protection to whistleblowers. The government needs to facilitate community participation in monitoring and overcoming corruption, including at PT Waskita Karya, by providing safe reporting channels and increasing awareness of the importance of reporting corruption. In addition, the government must guarantee that whistleblowers will not face threats or obstacles. Active community involvement will increase capabilities in detecting and

handling corruption cases, support prevention efforts, and strengthen law enforcement.

There are several challenges that must be faced in eradicating corruption at PT Waskita Karya:

1. Lack of Public Awareness About the Importance of Public Accountability in Eradication of Corruption

The lack of public understanding of the importance of public accountability in fighting corruption has a substantial impact, especially in the corruption case involving PT Waskita Karya. If the public does not have a thorough understanding of transparency and responsibility in managing public finances, they tend to play less of a role in monitoring and demanding accountability from companies such as PT Waskita Karya. This situation allows corrupt practices to take place without adequate supervision, which can lead to manipulation of financial reports or misuse of funds for personal or certain group interests. By increasing public awareness through It is hoped that with better education and information about the risks and negative impacts of corruption, there will be greater social encouragement to improve corporate governance and encourage the implementation of more transparent and accountable policies at PT Waskita Karya and other public institutions.

2. Lack of Supervision and Transparency in Public Financial Management

The lack of clarity and supervision in public financial management creates a situation that is prone to corrupt practices, especially in the context of the PT Waskita Karya case. Non-transparency can allow manipulation of financial reports to cover up errors or misuse of funds, which can have a massive detrimental impact on society. Additionally, inadequate oversight can facilitate collusion and nepotism, where the distribution of contracts and projects may not be carried out fairly or efficiently. Therefore, it is very important for the public to understand how important transparency and strict supervision are in maintaining the integrity of companies such as PT Waskita Karya, to prevent significant financial and reputational losses for the company and the parties involved.

3. There is Pressure and Intimidation Against Whistleblowers or Reporting Actions Corruption

Pressure and intimidation of whistleblowers, or those reporting corruption cases, is a serious challenge in efforts to fight corruption, including in the case of PT Waskita Karya. When someone dares to reveal corrupt practices at a company like PT Waskita Karya, they often face great risks, such as losing their job, defamation, or physical threats. These threats not only affect the individual personally, but can also hinder fair disclosure and law enforcement processes. Therefore, it is important to provide effective protection for whistleblowers, so that they can report corrupt practices without fear of reprisal, thereby enabling the authorities to take the necessary steps to uphold justice and accountability at PT Waskita Karya and other public institutions.

4. There are no sufficiently strict sanctions for perpetrators of corruption

The absence of sufficiently strict sanctions for perpetrators of corruption creates conditions where they feel they can commit illegal acts without facing serious consequences. In the case of PT Waskita Karya, if the perpetrators of corruption feel that the threat of punishment or existing sanctions is inadequate, they may continue to carry out practices such as embezzlement of funds or manipulation of financial reports. This not only results in financial losses for companies and a decline in public trust, but also threatens the integrity of the legal system as a whole. Therefore, it is important to increase law enforcement against corruption by implementing stricter and more effective sanctions, thus giving a clear signal that unethical behavior will be dealt with seriously, ensuring justice, restoring public trust,

and preventing the recurrence of similar cases in the future.

CONCLUSION

The conclusion of this research shows that the corruption case at PT Waskita Karya has had a major impact on state financial accountability. Corruption that occurs in these BUMNs has resulted in significant financial losses, damaged the company's image, and hampered the implementation of important development projects. This impact not only has a negative impact on state finances, but also reduces public trust in the government and state institutions. The involvement of high-ranking officials in corruption indicates that there are deficiencies in the monitoring system and implementation of Good Corporate Governance (GCG) principles, so that comprehensive reform is needed to prevent the recurrence of similar cases in the future.

Government accounting plays an important role in overcoming the impact of corruption by increasing transparency and accountability in the management of state finances. Strengthening the application of Good Corporate Governance (GCG) principles, such as transparency, accountability and responsibility, is very necessary to prevent corrupt practices. In addition, improvements need to be made in asset recovery and strengthening internal supervision to ensure that public funds are used efficiently and according to their intended purpose. It is hoped that reform and strengthening government accounting can reduce the negative impact of corruption, restore public trust in state institutions, and increase the effectiveness of national development.

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