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Accountants And Corruption Across Business: A Counter-Cyclicality Perspective.

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ABSTRACT

Purpose – This study aims to examine how corruption, which tends to be procyclical, can be countered by the counter-cyclical nature of the accounting profession. It investigates the effects of entertainment costs, income quality, audit opinions, and accountants on corruption, as well as the moderating role of net income in these relationships.

Research methodology – Using data from 86 companies listed on the Indonesia Stock Exchange (IDX) and national statistics on accountants and corruption cases from 2020–2023, the study applies multinomial logistic regression with ordinal categories. The analysis is grounded in Ethical Decision-Making Theory.

Findings – The results show that during the new normal period of 2022, an increase in the number of accountants significantly reduced corruption in Indonesia. Accountants with strong integrity and accountability play a vital role in mitigating corruption in the business sector.

Research limitations – The study focuses only on Indonesian listed companies during the pandemic and post-pandemic period. Future research could include other countries and longer time spans.

Practical implications – The results provide insights for regulators to strengthen accountant professionalism and ethical standards to reduce corruption.

Originality/Value – This study uniquely identifies the accountant profession as a counter-cyclical force against corruption..

Keywords: *Accountants, Audit Opinion, Corruption, Entertainment Cost, Net Income.*
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1. INTRODUCTION:

The globalization era, while advancing technologically, faced a global recession driven by geopolitical tensions over resources and power (Kilfoyle, 2023), resulting in oil price hikes and a reduction in consumer purchasing power. This worsened financial performance globally and impacted Indonesia through declining export revenues. The situation was compounded by persistent corruption, with Indonesia's CPI dropping from 40 in 2019 to 34 in 2022 (Budiawan, 2023) and ranking among the most corrupt nations from 1998 to 2022 (score: 20 in 1998; 34 in 2022).

Corruption remains a critical issue in Indonesia and worldwide, with over two-thirds of countries scoring below 50 on the CPI (Sulistya, 2024). High-profile cases, such as Enron and WorldCom (Reditya, 2021), highlight the impact of corporate fraud on markets, while IDX-listed companies face heightened risks during financial crises (Sulistya, 2024). In Indonesia, entrenched operational practices and resource use exacerbate corruption (Hardjapamekas & Rukmana, 2009).

Corruption in Indonesia is systemic, with historical roots tracing back to the Javanese kingdoms. Martowardojo (2012) noted that companies often misuse Entertainment

Cost (EC) accounts for bribery, a concern supported by BPK-RI (2012), which found around 40% of entertainment budgets in ministries and agencies leaked. Similarly, BPK audits confirm EC accounts as a common mechanism for corruption (Kamil & Rastika, 2021).

Corruption tends to be procyclical, as it can be transmitted across generations through social norms that normalize and perpetuate corrupt behavior (HPPRI, 2025). In contrast, accountants inherently stand in opposition to corruption.

Recent studies have begun to recognize entertainment cost as a strategic form of corporate investment in relationship-building with external stakeholders (Cai, et al., 2011; Li & Pan, 2023). In previous studies, EC is used as an indirect measurement of corporate corruption (Chen, 2015; Fu & Wu, 2019; Huang & Wang, 2014; Liu et al., 2024; Nurhidayat & Rokhim, 2018). This study, grounded in agency theory, EC was treated as a determinant factor of corruption.

In Indonesia, corruption has historical roots in Javanese traditions and Dutch colonial practices, where tributes or bribes secured favors or projects (Moerdijat, 2021). This practice, often referred to as "relationship investment" (Li & Pan, 2023; Zhang & Zhang, 2022), persists today, as bribery between businesses and officials remains

widespread and normalized, with little perceived wrongdoing (Moerdijat, 2021; Wahid, 2020; Laraspati, 2018).

To test Hardjapamekas and Rukmana's (2009) view that corporate corruption ultimately impacts income, this study examines income quality as a determinant of corruption. Drawing on signaling theory, which emphasizes accounting figures as decision-making signals (Scott & O'Brien, 2019), the ratio of net income to current liabilities (NI/CL) is used as a proxy. A higher NI/CL indicates a more substantial earnings capacity to cover liabilities, thereby reducing investor risk (OJK, 2017; Manurung & Manurung, 2019).

Including income quality as a determinant extends prior models that used net income directly (Mangafić & Veselinović, 2020; Šumah et al., 2014) or linked corruption to income inequality (Khagram & You, 2003; Ruza, 2018; Sosa, 2004; Wang, 2022). Other research has highlighted financial performance (Marchini et al., 2020), operating profitability (Amore & Bennedsen, 2013), and financial policies (Smith, 2016) as key factors.

Audit opinion is another determinant of corruption, particularly in Indonesia where it is closely linked to fraudulent behavior (Hikam et al., 2020; Triwibowo, 2019). Yet, Tehupuring (2018) argues that even an unqualified opinion does not guarantee freedom from corruption, as audits focus on the fairness of financial statements rather than illicit activities. Supporting this, Malau et al. (2018) found a strong association between audit opinions and corruption in the Solomon Islands, especially with disclaimer opinions.

Audit opinions represent a key career role for accountants, whose expertise is vital in combating fraud and corruption (Kirtley, 2016). Malau et al. (2018) found that a limited number of professional accountants correlates with higher fraud and corruption, although Nurhasanah (2016) reported no significant effect in Indonesia. Given the procyclical nature of corruption and the countercyclical role of the accounting profession, integrity within the profession can help offset corruption. Thus, this study includes the number of certified public accountants (active auditors) as a determinant of corruption.

A Systematic Literature Review (SLR) was conducted using the keywords "Corruption," "Accountant," "Entertainment cost," and "Net income." The findings show that research linking entertainment costs, net income, and corruption in Indonesia is still limited. To illustrate the distribution and co-occurrence of these terms, VOSviewer was applied, as presented in Figure 1.
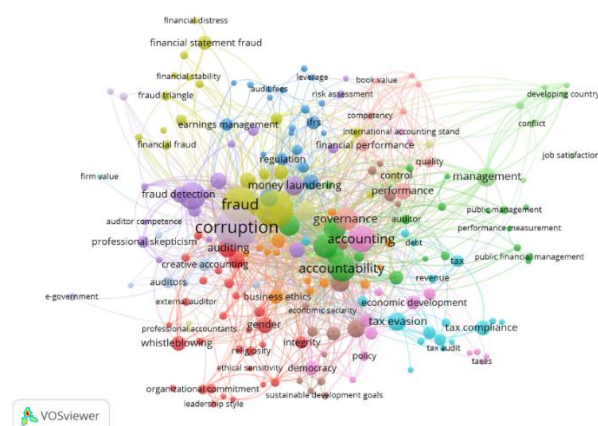

Figure 1. Visualization of the distribution and co-occurrence of key research term

Source: SLR output

Most studies focus on China and other Asian countries. Chinese firms often engage in corrupt practices through guanxi, including banquets, drinking, gifts, and informal networking (Liu et al., 2024). Indonesia's distinct cultural and business context underscores the importance of examining the relationship between entertainment costs, net income, and corruption locally.

Prior studies often used entertainment cost (EC) as a proxy for corruption, while research on net income typically addressed broader aspects such as income equality, financial performance, or profitability (Khagram & You, 2003; Ruza, 2018; Sosa, 2004; Wang, 2022; Marchini et al., 2020; Amore & Bennedsen, 2013). However, few have examined income quality specifically as a determinant of corruption.

This study adopts a novel approach by examining corruption through entertainment costs (EC) and income quality, while also integrating two less-explored variables—audit opinion (IFAC, 2016) and the number of professional accountants (Malau et al., 2018; Budiawan, 2023)—within the underrepresented Indonesian business context.

This study addresses concerns from Indonesia's Minister of Finance and BPK findings that entertainment cost budgets are vulnerable to corruption, while testing Hardjapamekas and Rukmana's (2009) claim that corporate corruption affects net income. Using 2020–2023 IDX data, this study examines how EC, income quality, audit opinion, and the number of accountants influence corruption, with net income serving as a moderating variable.

This study contributes to the financial accounting literature by deepening theoretical insights into the determinants of corruption in Indonesia and supporting the development of a more comprehensive analytical model. Practically, the findings guide listed companies in mitigating fraud risks through better reporting strategies and provide investors with valuable information for more informed decision-making.

1. Literature Review

Fraud Triangle Theory

Cressey noted that "trust violators" facing non-shareable financial problems often rationalize the misuse of entrusted funds (Abdullahi et al., 2020). The Fraud Triangle Theory (ACFE, 2025; Abdullahi et al., 2020) identifies three key drivers of fraud: pressure, opportunity, and rationalization. In Indonesia, most corruption cases follow this pattern (Laraspati, 2021), with similar findings observed in the Solomon Islands (Malau et al., 2018), demonstrating the theory's broad applicability.

Agency Theory

Agency theory (Jensen & Meckling, 1976; Scott & O'Brien, 2019) describes how shareholders delegate authority to managers, creating potential conflicts when managers pursue personal gains, such as inflating earnings, which can lead to bribery and corruption (Hardjapamekas & Rukmana, 2009). Non-shareable financial problems, opportunities, and rationalization often drive such behavior, reflected in entertainment costs (Kamil & Rastika, 2021). Agency theory supports examining entertainment costs, corruption, and audit opinion to ensure unbiased financial reporting (Jensen & Meckling, 1976; Hoesada, 2020).

Signaling Theory

Signaling theory (Spence, 1973; Brigham & Houston, 2011) explains how management's disclosure of growth prospects influences investors, with net income serving as a key performance signal (Ball & Brown, 1968; Scott & O'Brien, 2019). While net income conveys firm quality and supports transparency, it can also be manipulated for corruption through earnings management (Nagar & Sen, 2016; Scott & O'Brien, 2019).

Ethical Decision Making Theory (EDMT)

The Ethical Decision-Making Theory (EDMT) explains how individuals, particularly auditors, address moral dilemmas via Rest's (1986) Four Component Model: sensitivity, judgment, motivation, and character. Accounting behavior is influenced by social norms, with stronger ethics prevailing in low-corruption environments. Studies show that ethics, religion, and conscience are crucial in combating corruption (Koeswardani & Trisnaningsih, 2024). Additionally, religiosity also guides accountants' ethical decisions in Sri Lanka (Liyanapathirana & Akroyd, 2023).

Accountant

The accounting profession encompasses internal accountants and external auditors, who report on economic events and ensure the integrity of financial statements, thereby reducing corruption (Senastri, 2022; Alzeban, 2020). Corruption can be detected through methods such as random audits, with forensic accounting enhancing the speed of detection, although auditor competence and independence may not directly impact detection (Nagirikandalage et al., 2021; Nurcahya, 2022; Nouraldeen, 2025).

Corruption and Determinant Factors

The term corruption originates from the Latin "corruptio" or "corruptus", meaning acts of damage or misappropriation for personal gain (ACFE, 2025; Korupsi, 2022; Lohapan, 2021; Kaituko et al., 2023). In Indonesia, corruption is considered a cultural phenomenon (Wijayanto, 2009), resulting in significant state losses and reduced tax revenues. Its causes align with the fraud triangle framework (Laraspati, 2021).

Entertainment Cost (EC) refers to expenses for maintaining client relationships, classified as operational costs under KPK Regulation No. 6/2021 (Kamil & Rastika, 2021). In Indonesia, EC is often linked to corruption, rooted in cultural practices of gift-giving to officials, which, in other contexts, are considered corrupt (Watch, 2025).

Net income, defined as revenue minus expenses (Scott & O'Brien, 2019; PSAK, 2024), is vital for attracting external capital (Manurung et al., 2017). Corruption ultimately affects net income, while efficiency enhances it (Hardjapamekas & Rukmana, 2009). However, earnings management can inflate profits, lowering reporting quality and fostering corruption (Xu & Yang, 2013; Nagar & Sen, 2016). Thus, net income serves as both an indicator of corruption and a moderating variable.

The public trusts audit opinion to indicate whether financial statements are free from material misstatements due to fraud or corruption (UU, 2011). Some studies have found that audit opinions reduce corruption through improved governance and internal control (Hikam et al., 2020; Wang et al., 2021), while others argue that they have no effect if collusion occurs at all executive levels (Tehupuring, 2018; Le et al., 2020; Wang et al., 2021).

2. Hypothesis Development

2.1. Relationship between Entertainment Cost and Corruption

Indonesia's culture of personal relationships and tributes to officials (Wahid, 2020) increases the misuse of entertainment costs for corruption. Kickbacks are often disguised as entertainment, a "gray area" of bribery (Kamil & Rastika, 2021), as seen in BPK's 2010 audit revealing IDR 18.5 billion in unreasonable travel costs at Kemendiknas. Consistent with the Fraud Triangle Theory, entertainment costs create opportunities and rationalizations for corruption.

H_{A1}: Entertainment costs affect corruption

2.2. Relationship between Income Quality and Corruption

Corruption affects net income, while efficiency adds value (Hardjapamekas & Rukmana, 2009). Earnings management can undermine the reliability of profits and the quality of reporting (Xu & Yang, 2013). As operating expenses, higher entertainment costs reduce net income (Kamil & Rastika, 2021). Under Agency Theory, agents may manipulate earnings to conceal corruption and reassure principals.

H_{A2}: Income quality affects corruption

2.3. Relationship between Audit Opinion and Corruption

Prior studies have yielded mixed results regarding the relationship between audit opinion and corruption. While some (Hikam et al., 2020; Wang et al., 2021) find that better audit opinions strengthen governance and reduce corruption, others (Tehupuring, 2018; Le et al., 2020) argue that collusion can undermine this effect. Based on Ethical Decision-Making Theory, such inconsistencies may occur because auditors face conflicts of interest between professional, social, and personal considerations, which can weaken their independence in forming audit opinions.

H_{A3}: Audit opinion influences corruption

2.4. Relationship between Accountants and Corruption

Kirtley (2016) highlights that accountants, particularly as external auditors, play a key role in preventing corruption by ensuring the credibility of financial reports. Guided by Ethical Decision-Making Theory, they are expected to uphold integrity and accountability, though challenges arise when professional, social, and personal interests create conflicts in their work.

H_{A4}: Accountants influence corruption

2.5. The Moderating Effect of Net Income on the Relationship between Entertainment Cost and Corruption

The interaction of net income, which is considered to accommodate corporate corruption, with EC, which is also used for bribery by companies, is thought to increase corruption.

H_{A5}: Net income strengthens the influence of entertainment costs on corruption

2.6. The Moderating Effect of Net Income on the Relationship between Audit Opinion and Corruption

The interaction of net income, which is considered to accommodate corporate corruption, with audit opinion, which is also used for bribery by companies, is thought to increase corruption.

HA6: Net income strengthens the influence of audit opinion on corruption

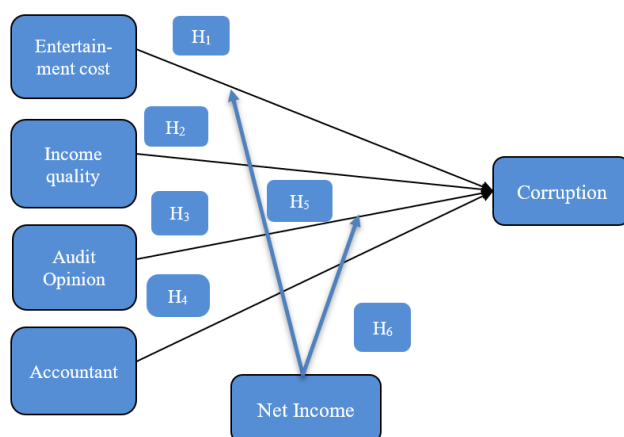The comprehensive research model of this study is presented in Figure 2 as follows.

Figure 2. Research Model

Source: Author (2024)

3. Methodology

This study uses a quantitative method. The study uses numbers and statistics to collect, analyze, and interpret data. The objective is to explain, improve understanding, or explore new aspects of the variables that influence the hypothesis being tested (Sekaran & Bougie, 2016).

Primary data were collected through expert discussions. Using purposive sampling, 86 IDX-listed companies across 11 sectors and 33 subsectors with audited financial statements for the period 2020–2023 were selected, yielding 344 observations over the four years.

The measurement of variables is presented in Table 1 as follows.

Table 1

Operationalization of Variables

Variable	Definition	Scale	Indicator
Entertainment Cost *(independent variable)*	Entertainment Cost (EC) refers to the expenses incurred by companies to maintain client relationships through entertainment or facilities (Kamil & Rastika, 2021).	Ratio	The natural logarithm value of entertainment costs listed in the company's income statement
Income Quality *(independent variable)*	The net income to current liabilities ratio indicates a company's ability to cover its current liabilities with generated profits (OJK, 2017; Manurung et al., 2019).	Ratio	$\frac{\text{Net income}}{\text{Current liabilities}}$
Audit Opinion *(independent variable)*	Audit opinion indicates whether financial statements contain material misstatements resulting from fraud or corruption (UU RI, 1999).	Ratio	The weight of the opinion type is multiplied by the ranking weight of the public accounting firm (Janan, 2023).
Accountants *(independent*	Number of accountants in Indonesia every year	Ratio	Total Accountants

variable)			(Indonesian data)
Net Income *(moderating variable)*	Profit is a company's performance, namely reducing revenue by the costs incurred (Scott & O'Brain, 2019).	Ratio	The natural logarithm value of the difference between Revenues and Expenses
Corruption *(dependent variable)*	Corruption means the act of damaging or destroying or also taking the results of resources that are not theirs for one's own benefit (ACFE, 2018; Corruption, 2022; Lohapan, 2021; Kaituko et al., 2023).	Ratio	The number of annual corruption cases in Indonesia, as recorded by ICW (Indonesia Corruption Watch). (Yandwiputra, 2024)

Source: processed by researchers

Notes:

*The audit opinion indicator is calculated by multiplying the weight of the opinion type by the ranking of the public accounting firm. Audit opinion weight: unqualified = 4, qualified = 3, disclaimer = 2, adverse opinion = 1. Then, multiplied by the weight of the ranking of the public accounting firm that audited it, Deloitte Indonesia = 11, EY Indonesia = 10, PWC Indonesia = 9, KPMG Indonesia = 8, BDO Indonesia = 7, RSM Indonesia = 6, Grant Thornton LLP = 5, Crowe Indonesia = 4, Mazars Indonesia = 3, KAP Anwar & Rekan = 2; other KAPs outside of 10 are weighted by = 1 (Janan, 2023).

Data were analyzed using multinomial logistic regression to identify factors influencing corruption (Tulong et al., 2018). This method examines relationships between categorical responses and predictors, estimating the probability of corruption based on determinant variables. The regression equation is as follows.

$$\text{Logit}(Y_1) = ln\left(\frac{Y_1}{1-Y1}\right) = \alpha + \beta_1 \text{EC} + \beta_2 \text{NI/CL} + \beta_3 \text{Opin} + \beta_4 \text{Accountant} \qquad (1)$$
$$+ \beta_5 \text{EC*NI} + \beta_6 \text{Opin*NI} + \varepsilon$$

Where:

Y = Corruption

α = Constants

EC = Entertainment Cost

NI/CL = Income Quality

Opin = Audit Opinion

NI = Net Income

β = Regression coefficient of each independent variable.

ε = Error term

In multinomial logistic regression, model interpretation relies on the odds ratio, which indicates how the likelihood of an event (Y = j) compares to a reference category (Y = 1) when predictor variables change (Tulong et al., 2018). An odds ratio of 1 suggests no effect, values above 1 indicate an increased likelihood of corruption, while values below 1 reflect a reduced likelihood.

4. Result

4.1. Goodness of Fit (GoF), Pseudo R-Square, Simultaneous Test

The GoF test indicates the model fits the data, with a Pearson Chi-Square of 7.84×10^{23} ($p < 0.05$) and Deviance of 691.882 ($p = 0.308$). The Nagelkerke R^2 of 0.075 indicates that EC, NI/CL, Audit Opinion, Accountant, EC×NI, and AO×NI collectively explain 7.5% of the variance in corruption. Model fitting reached an optimal -2 log-likelihood of 715,328, with a Chi-Square of 22,879 exceeding the statistical value of 21,026 ($p = 0.029$), indicating all independent variables significantly affect corruption.

4.2. Partial Parameter Test Results

The results of the partial test using logistic multinomial regression with ordinal go-logit regression are shown in Table 2.

Table 2

The Results of the Variables Corruption, Entertainment cost, Audit Opinion, Accountant, NI/Cl, EC*NI, OpinAud*NI Process On Corruption

CORRUPTION	Odds ratio	Std. err.	z	P> |z|	95% conf.	Interval
Category 1: 444 cases (2020)						
In_EC	1.189463	.890639	0.23	0.817	.2741533	5.160699
NI/CL	1.056874	.548737	0.11	0.915	.3820082	2.923974
Audit_opinion	.8896774	.4342034	-0.24	0.811	.3418277	2.31557

Accountant	1.40e+58	5.62e+58	33.41	**0.000**	5.44e+54	3.62e+61
InEC*lnNi	.987138	.032077	-0.40	0.690	.9262283	1.052053
AudOpin*lnNi	1.00704	.0269994	0.26	0.794	.9554885	1.061373
_cons	0	0	-33.40	0.000	0	0
Category 2: 533 cases (2021)						
Ln EC	.9690309	2066.337	-0.00	1.000	0	0
NI/CL	.958125	2542.9	-0.00	1.000	0	0
Audit_opinion	.0187491	30.85642	-0.00	0.998	0	0
Accountant	2309.392	3260350	0.01	0.996	0	0
lnEC*InNi	1.001662	83.96776	0.00	1.000	4.42e-72	2.27e+71
AudOpin*lnNi	1.00023	96.2369	0.00	1.000	1.26e-82	7.91e+81
_cons	0	0	-0.01	0.996	0	0
Category 3: 579 cases corruption (2022)						
ln_EC	.9268007	.1935437	-0.36	0.716	.6155028	1.395541
NI/CL	1.02703	.2414314	0.11	0.910	.647866	1.628101
Audit_opinion	1.050803	.1566644	0.33	0.740	.7845407	1.407431
Accountant	.4723958	.0633753	-5.59	**0.000**	.3631711	.6144702
lnEC*lnNI	1.001705	.0084433	0.20	0.840	.9852927	1.018391
Audopin*lnNi	.9989356	.0081598	-0.13	0.896	.9830701	1.015057
_cons	0	0	5.60	0.000	0	0

Source: Processed data

Note: _cons estimates baseline odds

791 cases in 2023 are used as a benchmark category

lnEC*lnNI: Interaction between net income and entertainment cost

Audopin*lnNI: Interaction between vet income and audit opinion

Based on the odds ratio value, the Multinomial Logistic Regression analysis is developed. In Table 2, Category 1 (2020) reports 444 corruption cases, with only the Accountant variable significant (odds ratio = 1.40×10^{58}), indicating a dramatic increase in corruption likelihood per additional accountant. In Categories 2 (2021) and 3 (2022), with 533 and 579 cases, no predictors were significant except the Accountant variable in Category 3 (odds ratio = 0.472), reducing corruption likelihood by 52.76%. Hypothesis test results are shown in Table 3.

Table 3

Tabulated Hypothesis Test Result

Hypothesis	Category 1 444 cases (2020) Low	Category 2 533 cases (2021) High	Category 3 579 cases (2022) Higher

H_{A1}: Entertainment costs affect corruption	Rejected (+)	Rejected (-)	Rejected (-)
H_{A2}: Income quality affects corruption	Rejected (+)	Rejected (-)	Rejected (+)
H_{A3}: Audit opinion influences corruption	Rejected (-)	Rejected (-)	Rejected (+)
H_{A4}: Accountants influence corruption	**Accepted (+)**	Rejected (+)	**Accepted (-)**
H_{A5}: Net income strengthens the influence of entertainment costs on corruption	Rejected (-)	Rejected (+)	Rejected (+)
H_{A6}: Net income strengthens the influence of audit opinion on corruption	Rejected (+)	Rejected (+)	Rejected (-)

Sources: Processed data

Robustness tests using three alternative methods—panel multiple regression with corruption cases, panel multiple regression with CPI, and multinomial logistic regression with CPI—produced results consistent with those of the multinomial logistic regression using the number of corruption cases as the proxy.

5. Discussion

The Entertainment Cost (EC) variable was examined for its effect on corruption, as EC often serves as a bribery tool (Martowardoyo, 2012) and has been used as a corruption proxy in China (Chen, 2015; Fu & Wu, 2019; Huang & Wang, 2014; Liu et al., 2024; Nurhidayat & Rokhim, 2018). In the business world, entertainment costs are a standard part of corporate activities, such as client relations and marketing, but they also pose corruption risks when not properly governed. In Category 1, higher EC increased corruption opportunities, likely due to weak governance. Meanwhile, in Categories 2 and 3 (2021–2022), EC appeared to reduce corruption, possibly reflecting stronger governance and clearer internal policies. This suggests that the effect of EC in business depends on the quality of oversight and internal control systems, differing from the findings in Chinese studies.

The effect of income quality on corruption was examined using the NI/CL ratio to test Hardjapamekas and Rukmana's (2009) view that corporate corruption affects net income. In 2020 and 2022 (444 and 579 cases), higher NI/CL increased the likelihood of corruption, suggesting earnings management and reduced reporting reliability (Xu & Yang, 2013), which supports the idea that net income reflects hidden fraud. In 2021 (533 cases), NI/CL reduced corruption risk, likely due to bribery being concealed outside formal reporting and stronger supervision from debt covenants, enhancing transparency.

The results show that in Category 1 (2020), when corruption levels were low, accountants had a significant positive effect on increasing corruption in Indonesia. In 2020, the COVID-19 pandemic and nationwide lockdowns, including those on Java Island, impacted accountants' ability to perform high-quality audits. Although professional skepticism was applied, not all potential fraud could be identified, leading to an increase in corruption. This was supported by Indonesia's economic contraction of -2.07% in 2020 (Pratiwi, 2022). The economic downturn led to a decline in the production sector and weakened business conditions, resulting in reduced income for workers. Under high economic pressure, employees and companies were more likely to commit fraud, further increasing corruption.

However, in Category 3 (2022), when corruption levels were high, accountants had a significant adverse effect on corruption, indicating a reduction in corruption levels. By 2022, Indonesia had entered the new normal era after the pandemic, with lockdowns lifted, allowing audits to be conducted with higher quality. Auditors were able to exercise due professional care and fully and adequately assess internal controls, ensuring compliance. These efforts effectively reduced corruption. This was supported by Indonesia's impressive economic growth of 5.31% in 2022 (Pratiwi, 2022), which encouraged business recovery and increased investment. As workers' income improved, corruption ultimately declined.

The results indicate that audit opinion reduces corruption in 2020 and 2021, consistent with Malau et al. (2018), who found that repeated disclaimer opinions increase corruption risk. However, in 2022, audit opinions were associated with higher corruption, supporting Ronald (2018) and Tehupuring (2018), who argue that even unqualified opinions cannot guarantee freedom from corruption if internal controls are weak or corrupt practices occur outside of financial records.

This study finds that accountants, particularly those serving as external auditors, have a significant influence on corruption. In the business world, auditors play a vital role in ensuring transparency and maintaining stakeholder trust. Limited auditor involvement may increase the

likelihood of fraud (Malau et al., 2018), although Nurhasanah (2016) found no significant effect in the Indonesian context. In 2020, a higher number of accountants did not effectively reduce corruption, likely due to audit limitations and weak governance, which increased the risk of collusion. However, by 2022, the greater presence of auditors contributed to reducing corruption through stronger recommendations and improved internal controls. This supports ISA 315 (2018), emphasizing the importance of transparent and reliable financial reporting in business operations.

The moderating role of net income shows that its interaction with EC reduced corruption in Category 1 (2020), while in Categories 2 (2021) and 3 (2022) the probability value remained at 1, indicating no change in corruption cases. Although not statistically significant, these results suggest that net income tends to suppress, rather than increase, the potential for corruption.

The interaction of net income with audit opinion was found to reduce corruption in Category 3 (2022), while in Categories 1 (2020) and 2 (2021) the probability remained at 1, indicating no change. Although not statistically significant, net income as a moderating variable generally contributes to suppressing corruption.

This study's findings align with prior international research. In the USA, corruption and leverage tend to cluster near company headquarters (Smith, 2016), whereas poverty alleviation in China has been found to fuel corruption (Wang, 2022). Average net income affects corruption across countries (Šumah et al., 2014), and relationship investments boost profitability in Denmark (Amore et al., 2013). Similar patterns emerge in Bosnia, where higher education and income are correlated with bribery (Jasmina et al., 2020), and in China, entertainment costs serve as relationship investments tied to corruption (Lin et al., 2016; Li et al., 2023). Accountants' behavior is influenced by social norms, with integrity central in low-corruption contexts.

The study shows contrasting effects of accountants on corruption: in 2020, auditors tended to increase corruption, while in 2022, they significantly reduced it. This shift reflects the limited audit quality during the pandemic and moral–ethical conflicts, as explained by Ethical Decision-Making Theory (Rest, 1986). Increasing the number of accountants is important, but integrity and accountability remain crucial for reducing corruption and creating social impact.

The empirical findings reveal that corruption exhibits a procyclical pattern. Accountants, who serve as a counterforce to corruption, reflect this dynamic: their role becomes more prominent when corruption levels are low, while it tends to diminish when corruption is high. This highlights the relationship between accountants and corruption across business contexts from a counter-cyclicality perspective, emphasizing how the professional presence and ethical influence of accountants rise when corrupt practices decline and weaken when corruption intensifies.

This study's findings can guide countries with CPI scores similar to Indonesia (38 in 2022), such as Argentina, Brazil, Turkey, Serbia, and Lesotho (Wibowo, 2022). As in the Solomon Islands, where corruption rose due to accountant shortages (Malau et al., 2018), strengthening the accounting profession and governance systems is a key strategy.

There are some potential anti-corruption strategies. Argentina has strengthened anti-corruption laws and penalties (Forbes.com, 2018), Brazil enforces the Clean Enterprise Law (Global Investigation Review, 2021), Türkiye ratified international conventions (Transparency International, 2012), Serbia improved its legislative framework (U4 Anti-Corruption - Serbia, 2020), and Lesotho promotes public participation (Anti-Corruption, 2013). Indonesia addresses corruption via Military Ruling Regulations, the Law on the Eradication of Corruption Crimes, and ongoing appeals for authority commitment (Moerdijat, 2021). This study highlights that accelerating corruption reduction in Indonesia requires increasing the number of accountants annually and embedding integrity as a core value among all business actors.

2. CONCLUSION

The study shows that the effects of key variables on corruption vary by category. EC reduces corruption in medium and high cases but increases it in low cases; NI/CL lowers corruption only in medium cases; Opin decreases corruption in low and medium cases but not in high cases. Accountants reduce corruption in high cases but increase it in low cases. Interactions of net income with EC slightly reduce corruption in low cases, and with Opin reduce it in high cases. Overall, EC, Opin, and NI/CL have a limited impact across categories, indicating that the influence of accounting variables on corruption depends on the context.

This study concludes that accountants significantly reduce corruption, especially when corruption levels are high, highlighting the importance of increasing the number of accounting graduates. The findings may serve as a benchmark for countries with a similar 2022 CPI score to Indonesia (38), including Brazil, Turkey, Argentina, Lesotho, and Serbia, as well as for the Solomon Islands, where Malau (2018) found that the number of accountants affects corruption levels.

This study used corruption data from Indonesian Corruption Watch (ICW), which may not capture all cases. Future research could explore alternative corruption indicators, as different measurements may yield varying results. Corruption is procyclical and the accountant profession is counter-cyclical. The relationship between them is crucial to be explored by future research in order to give practical solutions for combating corruption...

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