

# **Transactional Leadership Style in Political Context: Exploring Jokowi's Approach and Its Implications for Political Finance Transparency**

**A Thesis**

**Submitted to the Master's Study Program of Political Science at the  
Faculty of Social Sciences in partial fulfillment of the requirements for  
the degree of**

**Master of Arts (M.A.)**



**Universitas  
Islam Internasional  
Indonesia**

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**UNIVERSITAS ISLAM INTERNASIONAL INDONESIA**

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## ABSTRACT

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How does President Joko “Jokowi” Widodo’s transactional leadership style affect the implementation of Political Finance Transparency (PFT)? Previous findings show that Indonesia's PFT is weak due to weak transparency and accountability principles, weak human resources, and a lack of integrity. However, why there has been no real change in terms of strong implementation is still not fully explained. This study aims to add to this void and investigate the variables of Jokowi's transactional leadership style on the weak implementation of PFT in Indonesia. The findings show that Jokowi's transaction with oligarchs and party elites has led to the weak implementation of the PFT. This study uses a qualitative research method through a literature review; analyses of primary and secondary data sources is used to answer this question.

Keyword: *Transactional Leadership Style, Political Finance Transparency, Oligarchy, Party Elite, Jokowi, Indonesia*

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# CHAPTER I

## INTRODUCTION

### 1.1 Problem Statement

This study examines leadership styles and their relationship to the weak implementation of Political Finance Transparency (PFT). This issue is important to discuss, as it ensures that political party funding is well regulated because if PFT is not well regulated, it can lead to a dominant party system, where the misuse of public resources by incumbents will guarantee the party's reelection (Jones, 2019). In addition, the lack of information on how much money is in circulation, where the resources come from, and how they are spent makes it difficult for voters to make informed decisions. It also facilitates corruption and erodes public trust in political institutions (IDEA, 2019). The Constitution of the Republic of Indonesia clearly explains in Article 28 F of the 1945 Constitution that "everyone has the right to communicate and obtain information to develop their personal and social environment, and has the right to seek, obtain, own, store, process and convey information using all available channels".

The main function of political parties is not to seek and maintain power, but rather to serve as a "bridge between society and the state". This bridge's function is carried out through various activities, such as recruiting citizens to become members of political parties; carrying out political education for citizens; forming cadres of potential leaders; acting as a channel for citizen political participation; channeling the aspirations and interests of citizens; and accommodating and formulating the aspirations and interests of citizens into draft political decisions (Pinilih, 2017). Therefore, there needs to be an emphasis on transparency. Why is transparency important? Because transparency can be an important solution to fighting corruption (Lindstedt et al, 2006). Whether we realize it or not, corruption is one of the most significant threats to democracy throughout the world. Apart from that, as mentioned by Jones (2019) and IDEA (2019), the implementation of PFT prevents the emergence of authoritarian practices, such as a dominant-party system, and maintains public trust in political institutions. Sweden is an example of a country that practices transparency well (Lindstedt et al, 2006). However, there has been no research that specifically discusses the impact of party funding transparency on corruption, especially in Sweden. In fact, based on data from Transparency International (2022), Sweden is one of the countries with the lowest corruption figures in the world. Sweden's electoral system is very strong. The electoral system in Sweden is manual, decentralized, and transparent, making it difficult to manipulate.

According to previous findings, the weaknesses of the PFT are caused by several factors. Pinilih (2017), Hughes (2023), and Surbakti (2015) explain that these weaknesses are due to the raising and management of funds by parties that do not adhere to the principles of transparency and accountability. Additionally, Moberand et al. (2019) point out the lack of integrity in the political finance system as a contributing factor. Finally, research from Lenoid (2012) says reforms that focus on increasing transparency must be accompanied by measures to strengthen the capacity of citizens to act based on available information if we want to see a positive impact on corruption. This study does not reject the previous findings, as they are an important part of realizing good PFT implementation. However, these three alternative explanations are not fully capable of analyzing the phenomenon of weak PFT implementation in Indonesia because even if the principles of accountability, transparency, strengthening the financial system, and increasing resources are fulfilled, if the leader makes transactions with groups that have the power to hinder the implementation of PFT, then this will also be a problem. In addition, the previous findings only centered on the issue of the Constitution. Using the Constitution as an independent variable is difficult to accept because its existence can change at any time due to the various interests of the political elite. Even some scholars, such as Howard (1991), consider the Constitution to be just a worthless piece of paper.

This thesis examines another variable that is the cause of weak PFT implementation, namely the president's leadership style. The leader is an important factor because they should be able to implement the rules effectively; in this case, the best way to motivate workers is to improve the performance of the leader or the culture applied by the leader (McShane & Glinow, 2010; Moslehpour et al., 2018; Andayani & Tirtayasa, 2019). Therefore, if this context is applied in state matters, the president becomes the main benchmark for how his leadership style can improve or weaken the performance of the institutions under them. The president in the presidential system has enormous authority. Powers in the presidential system include administrative, legislative, security, judicial, and diplomatic affairs (Budiarjo, 2008). In a presidential system, policy is fully in the hands of the president. Control over the country is in the president's hands. With so much power, authority, and decision-making falling on one person, the president could potentially produce policies based on his interests, including, in this case, weakening or strengthening the PFT. Leadership style is crucial as it impacts decision-making, thereby influencing the number of political choices and perspectives considered in policy formulation (Keller & Yang, 2008). Thus, it is essential to delve deeper into the PFT phenomenon to provide a thorough explanation.

There are many leadership styles. Kunhert & Lewis (1987) explored two styles of leadership, namely transformational and transactional. This thesis will focus on the transactional leadership style to elaborate on issues and concepts because it is considered more appropriate for dissecting this issue. This thesis assumes that the transactional style harms PFT implementation. In contrast, the transformational leadership style is likely to have a positive effect on PFT. This assumption stems from the writings of Bass (1985) and Burns (1978), which indicate that transformational leaders operate based on a deeply held personal value system, which includes values such as fairness and integrity. Burns described these values as ultimate values that cannot be negotiated or exchanged between individuals. However, their relationship needs further elaboration.

According to McCarthy et al (2008), transactional leadership is a short-term managerial orientation rather than a true leadership style and has little potential to produce a long-term, sustainable competitive organization. In addition, transactional leadership represents an exchange in which superiors and subordinates influence each other reciprocally so that each gains something of value (Yukl, 1981). In simple terms, transactional leaders give their followers something they want in return for something the leader wants. Transactional leaders engage their followers in a relationship of mutual dependence where the contributions of both parties are recognized and valued. If we relate this to the issue of PFT, then the president's transactional leadership could potentially be the cause of PFT weakness if it deals and cooperates with parties that focus on short-term managerialism and avoid PFT, such as oligarchs and party elites. PFT is a long-term and sustainable development agenda, not a short-term one.

First, let's look at the definitions of some of the variables discussed in this thesis. IDEA (2019) explains that Political Finance Transparency (PFT) refers to the openness and accessibility of information on the financial activities of political campaigns, parties, and candidates. This includes disclosing how much money is raised and spent in politics, the source of those funds, and how those funds are used. Meanwhile, oligarchy — in the political context according to Winters (2011) — refers to a small group of individuals or families who have enormous power and influence in political decision-making. Winters (2013) also defines oligarchy as concentrated material power based on claims or enforced rights to property or wealth. Meanwhile, Katz & Mair (1995) provide an indirect definition of party elites as a group of individuals within a political party who have great power and influence in determining the direction and policies of the party. Winters (2013) distinguishes between elites and oligarchs. In short, elites exercise their minority influence based on non-material resources whereas oligarchs exercise material resources.



The categories of oligarchy and elite can overlap, with oligarchic power potentially leading to elite power (and vice versa). But there is not always overlap. Many oligarchs have only material resources of power, and many elites have never accumulated empowering wealth. Why then are the transactions between the president, oligarchs, and party elites the cause of weak PFT?

In the theory of transactional leadership style, besides having a short-term managerial orientation (McCarthy et al, 2008), it can also deliberately disconnect a leader/president from their followers at the grassroots and has strengthened the doctrine of the “iron law of oligarchy” with disastrous consequences for many citizens (Udogu, 2008, P. 2). This indicates that the president will prioritize the interests of the oligarchy over those of the people. After the transaction between the president, oligarchs, and party elites, the president indirectly becomes part of them and has an interest in protecting them, including eliminating PFT. One of the reasons PFT is avoided by presidents, oligarchs, and party elites, as indirectly explained in the book “Oligarchy” by Winters (2011), is how economic power translates into political power, which often avoids transparency and accountability. In addition, PFT requires the disclosure of how much money is raised and spent in politics, the source of those funds, and how they are used IDEA (2019). The goals of political finance transparency are to prevent excessive spending in elections, create equity for all political actors, keep illicit funds out of politics, encourage the participation of marginalized groups, and ensure compliance with political finance regulations. This is why oligarchs and party elites avoid PFTs, because the aforementioned principles of transparency threaten their power and influence, expose vested and group interests, open opportunities for greater scrutiny and accountability, reduce their control over political competition, and expose secrecy and illegal sources of funds. By keeping party funding non-transparent, they can maintain political dominance and protect their interests.

Indonesia offers an interesting case in examining the complex relationship between the transactional leadership style and the weak implementation of PFT, especially in the two terms of Joko “Jokowi” Widodo's administration (2014-2019 and 2019-2024). At least three things make this interesting. First, reports have emerged citing the absence of serious reform of party transparency laws during Jokowi's term (Mietzner, M. 2015; Rahman, 2022). Second, the reported dominance of power from political parties during President Jokowi's term. Third, reports that President Jokowi nurtured oligarchy (Asrinaldi, 2022). From these three findings, this thesis will elaborate that the dominance of political parties and oligarchs during Jokowi's administration was due to Jokowi's

transactional leadership style. Mietzner (2015) argues that the reason why political funding reform has not been well implemented in the Jokowi era is due to the power of entrenched interest groups. Interest groups in this thesis are groups that make transactions with the president, namely oligarchs and party elites. Jokowi transacts with oligarchs and party elites because there is a "Power Interest", as termed by Renwick (2010). This is to maintain power or win the next election. Jokowi needs material support from oligarchs because of the high political costs of running in an election. According to a report by *Kompas* (Azra, 2021), campaigning as a presidential candidate requires at least Rp 20 trillion, as well as political support from the party elite. In addition to maintaining political stability, the Elections Law requires presidential and vice-presidential candidates to have the support of political parties that garnered at least 20% of House of Representative seats in the last House elections.

The power these two groups exerted eventually allowed them to easily direct and mobilize Jokowi as they saw fit, especially in the interests of certain parties, volunteers, and elites (Agustino, 2015). This includes being directed not to reform political parties, especially utilizing PFT. When referring to the grand vision of the Jokowi and Jusuf Kalla (his vice president) administration, which was later called "Nawa Cita", one of its goals was to have a fully involved government that was clean, effective, democratic, and reliable. The derivative points were "building transparency in governance" and "restoring public trust through reform of the party system, elections, and representative institutions". However, this was not well realized. Even as Jokowi began his second term, this program was no longer included in Nawa Cita. This is clear evidence that Jokowi is unable to maximize power, is easily directed, and lobbies following the interests of party elites and oligarchs.

Some empirical evidence of Jokowi's cooperation with oligarchs and party elites can be seen in the support of Harry Tanoesudibjo, the owner of MNC Corporation and Chairman of the Indonesian Unity Party (Perindo), and Surya Paloh, the owner of Media Group and Chairman of the NasDem Party. Their support was duly reciprocated, including by Jokowi granting a strategic position to Harry Tanoesudibjo's daughter, Angela Herliani Tanoesoedibjo as deputy minister of industry and creative economy, as well as three ministerial positions to Surya Paloh's party. Such transactions made between a president and mass media oligarchs are not new (Tapsell, R. 2018). Jokowi also made deals with various party elites to gain political support for his government. By consolidating the power of the elites of the winning political parties, Jokowi was able to control the arena of democratic consolidation to strengthen his political position

(Asrinaldi & Yusoff, 2023). This can be seen in the composition of his Cabinet, which included the heads of winning political parties. For example, Prabowo Subianto, Jokowi's direct rival for the presidency and Chairman of the Gerindra Party, was appointed Minister of Defense; Airlangga Hartarto, the Chairman of the Golkar Party, was given the role of Coordinating Economic Minister; National Mandate Party Chairman Zulkifli Hasan was appointed Minister of Trade; and Democratic Party Chairman Agus Harimurty Yudhoyono became Minister of Agrarian and Spatial Planning. Many other ministerial posts also went to members of Jokowi's supporting parties. Slater (2018) observed that party oligarchs who entered President Jokowi's coalition (previously under the Prabowo Subianto camp) were rewarded with seats in the Cabinet and other government positions.

An investigation by *Tempo* (2023) discovered that the Indonesian Solidarity Party (PSI) had intended to reap financial gain from its connection to Jokowi. Citing a PSI official, *Tempo's* report claims that Jokowi had helped the party secure donors in 2017.

Jokowi also neglected to sufficiently address to the revision of the political party law. A report from Indonesia Corruption Watch (2017) observed that the Jokowi-Jusuf Kalla administration (2014-2019) did not pay much attention to the agenda of improving good governance, revamping the political sector, and party system reforms that could increase the accountability and transparency of political institutions. Though some efforts were made, they lacked direction and commitment. As a result, many policies were not in line with the spirit of the president's so-called vision. The government's political commitment to reforming the party system is in line with the Corruption Eradication Commission (KPK), civil society groups, and academics. The last three groups have provided a great deal of input to the government — be it through studies or academic papers — to draft laws with five important demands, namely improving cadre recruitment, improving internal democracy, increasing state budget allocations to parties, transparency and accountability, and law enforcement. Unfortunately, from these five proposals, the government through the Ministry of Home Affairs, only took the initiative to increase party financial assistance by revising Government Regulation (PP) No. 5/2009 on Financial Assistance to Political Parties.

These cases scattered throughout Jokowi's term in office offer an interesting theoretical and empirical case study. Jokowi not only demonstrated a transactional leadership style, but he also extended the transactional political culture that was practiced by previous presidents (Leach, 2015). The difference is that the transactions that occurred in the Jokowi era went deeper than that of previous presidents. The same period showed a decline in democracy and an increase in corruption. Hadiz (2017) and Warburton (2016)

reveal that Jokowi won the election by consolidating political support from political parties, mass organizations, and moderate Islamic groups. However, some of Jokowi's policies reflect actions reminiscent of the New Order era's unlawful practices. His authoritarian tendencies have undermined the quality of democracy in Indonesia (Hadiz, 2017; Warburton, 2016). In contrast, during the reign of President Susilo Bambang Yudhoyono (SBY), Indonesia's democracy was considered relatively stable — though with the tendency to stagnate (Power & Warburton, 2020; Tomsa, 2010).

### **PFT in Indonesia**

In the 2014 presidential election, data from Indonesia Corruption Watch (ICW) showed that 61-68% of presidential candidates' campaign funds came from political parties. However, it is not clear where those donations came from, given that the parties' financial reports were closed. It was also reported that the financial reports submitted by almost every political party were not in accordance with the standards set by the KPU, and the results of ICW's monitoring of campaign financing in the 2004-2014 elections, for example, showed that the campaign expense reports submitted by most political parties and candidates were not in line with their actual expenditures (Hurriyah, 2020).

Table 1.1 Donations Related to Sakti Wahyu Trenggono for Jokowi-Ma'ruf

Group Name	Total	Person in Charge
TBIG Golfer Association and Teknoligi Riset Global (TRG)	IDR 38,231,904,138	Sakti Wahyu Trenggono

Source: KPU RI, LPPDK TKN Jokowi-Ma'ruf

The largest group contributors to the Jokowi-Ma'ruf ticket during the 2019 presidential election were the TBIG Golfer Association (PT Tower Bersama Infrastructure Group Tbk) and the TRG Golfer Association (Global Research Technology). Combined, they donated Rp 38,231,904,138, or more than the group contribution limit stipulated in campaign regulations, which is Rp 25 billion. However, the KPU decided not to impose a sanction for this.

Lastly, Elections Law No. 7/2017 does not stipulate a limit to donations given by a political party or candidate. This contradicts the basic rules of transparency and accountability, which should provide a cap on donations.

Table 1.2 Restrictions on Campaign Fund Contributions

No	Campaign fund donors	Maximum donation
1.	Individual	Rp 2.5 billion
2.	Non-government companies	Rp 25 billion
3.	Community Group	Rp 25 billion
4.	Political party	Unlimited
5.	Candidate	Unlimited

Source: Law No. 7/2017

The strength or weakness of a country's PFT can be measured using several dimensions, as provided by Öhman (2011) and Maticovic (2013):

1. Internal control (agency doctrine, accounting standards, banking system)
2. Financial reporting and auditing
3. Control by law enforcement agencies supported by investigation mechanisms
4. External monitoring (civil society, media, competing parties, voters)
5. Prosecution and sanctions (administrative, criminal, and political sanctions).

These indicators are a measurement tool for PFT transparency. Thus, a country can be declared transparent if it has met all the indicators. If one indicator is considered insufficient or not fulfilled, the country can be declared "not transparent" in the context of PFT. Indonesia, in this case, is considered to have a weak PFT because it does not fulfill some of the existing indicators.

### **1.2 Research question**

How does President Jokowi's Transactional Leadership Style Affect the Implementation of the PFT?

### **1.3 Research objectives**

This study aims to demonstrate the causal argument of how Jokowi's transactional leadership style with oligarchs and party elites led to the weak implementation of party financing transparency (PFT) in Indonesia.

#### **1.4 Significant of Study**

This thesis contributes to the limited literature on PFT by analyzing Jokowi's transactional leadership style. In addition, the findings will be a theory-building study to be used in transparency cases related to leadership styles. Practically, the findings of this study will be useful for interest groups concerned with issues of party financing transparency and leadership style that will significantly impact good governance outcomes, especially in democracies

## **CHAPTER II**

### **THEORETICAL FOUNDATION**

#### **2.1 Theoretical Framework**

I concur with McShane & Glinow (2010), Moslehpour et al. (2018), and Andayani & Tirtayasa (2019) in that a leader plays a vital role in the successful management of an organization, and the best way to motivate workers is for influential figures or leadership to improve the overall culture of the organization while listening to workers' concerns and aspirations. If we apply this concept to state issues and the presidential system, the president becomes the main benchmark for how their leadership can improve the performance of parliament and the institutions under them. The various theories and definitions of leadership have reflected the assumption that leadership is a process of influence to guide, organize, and facilitate activities and relationships in groups (Yukl, 2010) and, in the context of this research, is a state order because influencing is the essence of leadership (Purnomo & Saragih, 2016).

In their study, Kuhnert & Lewis (1987) elaborated on two styles of leadership: transformational and transactional. Transformational leadership in the presidential context focuses on influencing subordinates by using charisma, inspiration, individual consideration, or intellectual stimulation, which can improve subordinates' performance through various mechanisms (Odumeru & Ifeanyi, 2013; Vito, Higgins, & Denney, 2014). Meanwhile, in a presidential context, transactional or managerial leadership focuses on monitoring subordinate performance and effectively dealing with crises and emergencies (Podomere & Ifeanyi, 2013). According to Asencio & Mujkic (2016), transactional leadership emphasizes a reciprocal or symbiotic mutualism between leaders and followers in an organismic state. Leadership style can be important because it influences the way decisions are made, affecting how much political choice and their views in making a policy (Keller & Yang, 2008). However, leadership style is a form of attitude that correlates with individual behavior in the affective and behavioral domains, so generally, the attitude is a combination of attitude and behavior (Kusumawati, 2020; Harahap, 2023).

In this case, I will further elaborate on the transactional leadership style, which is described in negative terms by some studies for its ability to disconnect a leader/president from their followers at the grassroots level while reinforcing the doctrine of the "iron law of oligarchy" at the top level of the state system in developing countries — with disastrous consequences for their citizens (Udogu 2008, P. 2). In addition, according to

McCarthy, et al, (2008) transactional leadership is a short-term managerial orientation rather than a true leadership style and has little potential to produce long-term competitive and sustainable organizations. In “crisis situations”, transactional leadership styles seek to maintain the status quo and keep the boat afloat (BusinessBalls, 2023). In addition, transactional leadership represents an exchange in which superiors and subordinates influence each other reciprocally so that each gains something of value (Yukl, 1981). In simple terms, transactional leaders give their followers something they want in return for something the leader wants. Transactional leaders engage their followers in a relationship of mutual dependence where the contributions of both parties are recognized and valued.

Jokowi is said to have a transactional leadership style (Asrinaldi (2022); Rahman (2022) and Leach (2015) as many of the policies he has implemented seemingly serve oligarchs and party elites. His decisions have been widely criticized as he prioritizes infrastructure development over development that improves people's welfare and eradicates poverty (Warburton, 2016). In Udogu's (2008) view, transactional leadership can disconnect leaders/presidents from their followers at the grassroots level and has reinforced the doctrine of the "iron law of oligarchy". James Macgregor Burns explains that transactional leaders are leaders who exchange tangible rewards for the work and loyalty of their followers (Odumeru & Ogbonna, 2013). This is in line with the findings of Warburton (2018), who says that Jokowi-era developmentalism goes beyond the substantive agenda of bureaucratic reform, law, and anti-corruption in the sense that Jokowi failed to reform the substantive agenda — and Political Financing Transparency is one of the reform agendas that Jokowi did not complete. Such are the consequences of a transactional leadership style.

Essentially, transactional leadership is a short-term managerial orientation rather than an authentic leadership style and has little potential to produce a long-term, sustainable, competitive organization. (McCarthy et al, 2008). The transactional theory says that transactional leadership always includes exchanges for a favorable balance between rewards and costs to themselves (Udogu, 2008).

To maintain his power, the president must engage with political parties and oligarchs. This is necessary because the increasing competition within Indonesia's multiparty system forces parties to work intensively to win over constituents. This competitive environment also leads to increased financial pressures on the parties due to the rising costs of political contests (Wibowo, 2021). As a result, politics and money have become inseparable (Wibowo et al., 2021). Political parties must have access to funds to play a role in the political process, including winning a presidency. Political parties will



not be able to organize themselves, politicians will not be able to communicate with the public, and election campaigns will only be implemented if they have adequate funds.

Why is the president an independent variable in this study? The president in a presidential system — the executive — has enormous authority. The powers in the presidential system include administrative, legislative, security, judicial, and diplomatic affairs (Budiarjo, 2008). In the presidential system, the policy is fully in the hands of the president. Control over the country is in his hands. With such great power and authority and decision-making falling on the shoulders of one person, there will always be room for intervention from the executive on many matters, including law enforcement. In this study, the president tends to ignore the weakening of the PFT. The president and his supporting political parties (or coalition of supporters) must spend large amounts of money to be reelected.

I also used Winters' (2011) Robison and Hadiz' (2013) Oligarchy Theory. Winters (2011), explains how oligarchic influence can rise within a political system. He says wealth concentrated in the hands of certain individuals emboldens them to practice oligarchic political practices that a generic pluralist framework cannot capture. According to him, riches will always have a major influence on the ability of oligarchs to maintain and fight for their main interests. This theory proves that democracy seems to have become a system that no longer functions. Meanwhile, Robison and Hadiz (2013) describe oligarchy as a system of power relations that allows the concentration of wealth and authority and collective defense of wealth concentration. So, oligarchy can be concluded as being the ownership and use of power whose main target is not the people (society) but the actors themselves.

In addition, there is a possibility that Jokowi, in the aspect of power interests, is trying to maintain power or win the next term in office. This is justified by Renwick A.'s (2010) theory of what motivates actors in terms of changing the rules of democracy. This theory generally focuses on two aspects of what motivates actors, namely power interests and values. The aspect of power interests comprises two reasons: the pursuit of positions and the pursuit of policy influence. Incumbents purely seek to win or retain office as an objective of the office itself or for the benefits it provides; policy seekers purely pursue maximum influence over public policy outcomes. In this case, I am indicating that the president, to maintain his power and interests, needs to have transactions with oligarchs and party elites. Winters (2011) separates elites from oligarchs. According to Winters, elites are not entirely oligarchs; however, oligarchs must come from the elite. Jokowi transacts with these two groups because he needs material support from oligarchs and

political support from party elites. The type of support from oligarchs is none other than funding in the form of money. *Kompas* reported (Azra, 2021) that the cost of running a presidential campaign is at least Rp 20 trillion — a huge figure. What the president needs from the party elite is political support. According to the Elections Law, presidential and vice-presidential candidates must have the support of political parties that secured at least 20 percent of the House seats in the previous House election.

Parties and oligarchs will certainly reject the implementation of a strong PFT because it would have rules on transparency and accountability that can prevent transactions from happening between them and the president. Jeffrey A. Winters' (2011) elaborates on this in the book "Oligarchy", in which he explains that oligarchs operate and maintain their power and influence in various countries, including Indonesia. He discusses how economic power is translated into political power, which often avoids transparency and accountability. In the implementation of accountability and transparency, some principles state that accounting must be open and honest and include the names of legal entities and people, how much they donated, and how many times they donated (Lukas Anderson, 2019, P. 14). In addition, the purpose of political finance transparency is to prevent overspending in elections, create equality for all political actors, keep illicit funds out of politics, encourage participation of marginalized groups, and ensure compliance with political finance regulations. This is why oligarchs and party elites avoid PFTs because transparency principles such as those mentioned above can threaten their power and influence, expose vested and group interests, open opportunities for greater monitoring and accountability, reduce their control over political competition, and expose secrecy and illegal sources of funds. By keeping party funding non-transparent, they can maintain political dominance and protect their interests. Therefore, maintaining the transparency of weak party financing becomes an advantage.

In "crises", transactional leadership styles seek to maintain the status quo and keep the ship afloat (BusinessBalls, 2023). Therefore, a weak PFT is beneficial not only for political parties and oligarchs but also for the president, who will benefit from the lack of transparency. The president, on the one hand, needs a party as a vehicle to power. Therefore, to achieve this goal, the president must conduct transactions with other elites, namely the oligarchy. The president can make transactions with various parties without having to pay attention to the rules related to PFT.

## 2.2 Hypothesis and Argument

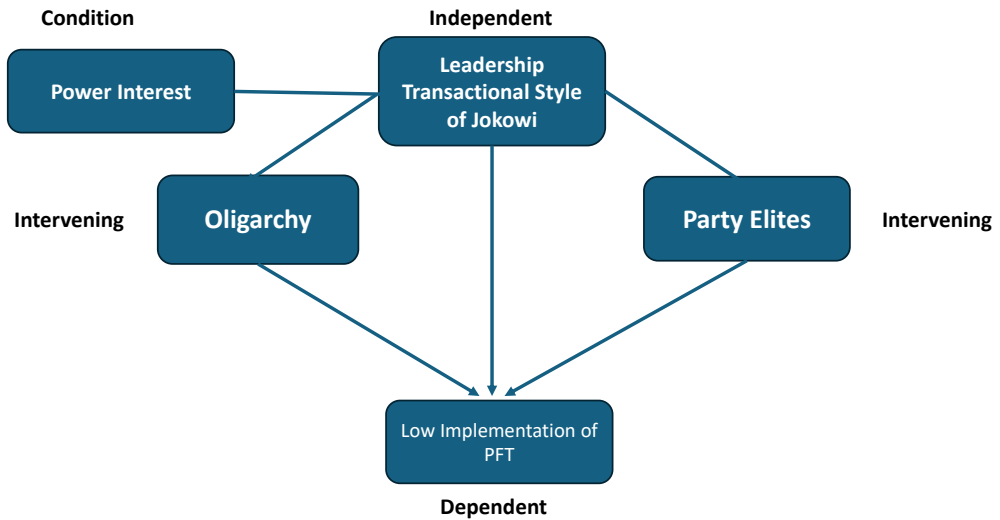


Figure 1.3 Hypothesis framework

In connection with the discussion above, the variables used in this thesis use Jokowi's transactional leadership style as an independent variable, because in a presidential system, policy is fully in the hands of the president, and control over the country is in his hands. This can cause a president to produce policies based on his interests, including in this case, weakening or strengthening the PFT. Then, weak implementation of the PFT as the dependent variable is achieved through an intervening variable in the form of transactions between Jokowi, oligarchs, and political elites. After a transaction between the president, the oligarchy, and the party elite, the president indirectly becomes part of both and has an interest in maintaining their ties so that the resulting policies benefit them, including the weak implementation of PFT. If explained further, the relationship between Jokowi's leadership style and the weak implementation of PFT is indirect. Therefore, we can conclude that the root cause of the slow implementation of PFT in the Jokowi era is due to his transactional leadership style. However, research related to this has never been done, so this thesis seeks to prove that the relationship between Jokowi's transactional style and the weak implementation of PFT is significant.

### **2.3 Literature Review**

Political Finance Transparency (PFT) has been elaborated on in various scientific works by various political scientists from Indonesia and abroad. The studies carried out generally target the problems of "weak principles of transparency and accountability", "weak law enforcement", "weak regulations" and "party funding". My approach to understanding PFT, referred to in this paper, is different from Pinilih (2017), who said that it is necessary to reform political party financial regulations that meet the principles of transparency and accountability. According to him, the principle of transparency and accountability in party finances can be achieved by requiring each political party to make financial reports on the sources of funds received and election financial reports. It is also necessary to regulate sanctions for political parties that are late or do not even make financial reports, as well as which institutions are tasked with supervising party financial reports and institutions that enforce these sanctions. Therefore, Pinilih suggested that legislators immediately change the Elections Law and Political Party Law to include these provisions.

Furthermore, Moberand, Bertoa & Hamada's (2019) focus on improving the integrity of the political finance system is one of the main ways to address political corruption. They emphasize that the flow of money in politics that is not effectively regulated can also lead to political corruption and undermine public trust in political processes and institutions. The paper examines South Asia, Southeast Asia, and East Asia with three research questions: What are the key corruption risks associated with the financing of political parties and election campaigns in Asian countries; what types of political finance regimes do these countries have; and why do these regimes fail to address corruption risks? The resulting analysis highlights that Asian political finance systems often suffer from the intertwined nature of business-government relations, informal accounting practices of political parties, unrealistic regulations, and procedures and regulations that favor the party in power. In addition, the region needs to be stronger in promoting gender-based access to political finance and needs help implementing regulations at the local level.

In the future, countries in the region must adopt realistic and comprehensive strategies to reform their political finances, especially by framing the impact of private funding by providing public funding and strengthening the capacity of parties to comply with political finance regulations. Additional research by Lindstedt (2006) says reforms that focus on increasing transparency must be accompanied by measures to strengthen

citizens' capacity to act on available information if we want to see a positive impact on corruption. Lastly, Surbakti (2015) suggested that partnerships conduct various studies and provide recommendations for political life that meet democratic principles. According to him, one of the biggest tasks in democratic reform in Indonesia is related to the finances of political parties participating in elections. He believes this is important considering that political parties are the main actors in the democratic party in our country. Relevant partners are asked to formulate future improvements to political finance by conducting in-depth analyses of the results of theoretical presentations, case studies related to sources of revenue, allocation of expenditures and the financial accountability of political parties, and input submitted in focus group discussions with various related parties.

This research takes a different approach from the previous findings. However, it does not reject the earlier theories regarding weak principles of transparency and accountability, weak law enforcement, weak rules, and party funding. Instead, it explores another crucial gap: the transactional leadership style. This study treats Jokowi's transactional leadership style as an independent variable over two periods to illustrate the intertwined relationships with oligarchs and party elites that lead to the weak implementation of PFT, resulting in different PFT outcomes.

Previous research differs from my study in several ways and several aspects need to be criticized, such as constitutional issues. Treating the Constitution as an independent variable is challenging because it can be altered by the interests of political elites. Some scholars, like Howard (1991), consider the Constitution to be insignificant. Additionally, Sartori (1962) argued that constitutions inevitably contain ambiguities, where the guarantees of rights for citizens are often ignored, making the Constitution ineffective. This is similarly evident in the Indonesian Constitution. Indonesia has regulations regarding party financing transparency, as outlined in Law No. 2/2011 and further detailed in Government Regulation No. 5/2009 on Financial Assistance for Political Parties. These regulations cover funding sources such as member fees, company donations, government donations, individual donations, organizational donations, and foreign donations. They also address opportunities for political parties to open business funds, limits on campaign funds, regulation of routine political party funds, the distinction between routine funds and campaign funds, transparency of financial reports, transparency of political party fund sources, and sanctions for funding violations.

Regarding accountability and transparency, while I accept the view that these principles are essential, they also need to be re-examined. According to Nieves Zuniga

(2018), accountability and transparency take different forms, and their relationship depends on how they are designed to support each other.

Lastly, this thesis diverges from previous research by focusing on Jokowi's transactional leadership style, a subject that has not been extensively studied. According to the theory of transactional leadership, aside from a short-term managerial orientation (McCarthy et al., 2008), this style can result in leaders, including presidents, becoming intentionally disconnected from their grassroots supporters. This disconnection reinforces the doctrine of the "iron law of oligarchy," leading to negative consequences for many citizens (Udogu, 2008, p. 2). Essentially, this means that the president will prioritize the interests of the oligarchy over those of society. Once transactions occur between the president, oligarchs, and party elites, the president becomes indirectly integrated into these groups and is motivated to sustain them, resulting in policies that benefit them, such as the weak implementation of PFT. The avoidance of transparency in party financing is indirectly explained in Jeffrey A. Winters' book "Oligarchy" (2011), which discusses how economic power is converted into political power, often circumventing transparency and accountability. Furthermore, according to IDEA (2019), PFT refers to the openness and accessibility of information regarding financial activities related to political campaigns, parties, and candidates. This includes disclosing the amount of money raised and spent in politics, the sources of those funds, and how they are utilized.

PFT aims to prevent excessive spending in elections, create equality for all political actors, keep illicit funds out of politics, encourage the participation of marginalized groups, and ensure compliance with political finance regulations. This is why oligarchs and elite parties work to avoid PFT because its principles of transparency, as mentioned above, can threaten their power and influence, expose personal and group interests, open opportunities for greater supervision and accountability, reduce their control over political competition, and reveal confidentiality and sources of illegal funds. They can maintain political dominance and protect their interests by keeping party funding opaque.

## 2.4 Operational Variables

- a) The transactional leadership style represents an exchange in which superiors and subordinates influence each other reciprocally so that each gains something of value. (Yukl, 1981).
- b) PFT refers to the openness and accessibility of information regarding financial activities associated with political campaigns, parties, and candidates. This includes disclosing how much money is raised and spent in politics, the source of those funds, and how those funds are used IDEA (2019).
- c) Leach (2005) defines oligarchy as "a form of government in which political power is in the hands of a small minority".
- d) Winters (2011) defines "elites" as a small group of individuals who wield significant societal influence, primarily through wealth, position, or special abilities. They are people who stand out in a variety of sectors, including politics, business, military, and culture.

## **CHAPTER III**

### **RESEARCH DESIGN**

#### **3.1 Research Method and Case Selection**

Methodologically, I used qualitative research methods (small-N study) to examine the key factors that weakened Indonesia's implementation of Political Finance Transparency (PFT). The term "qualitative" here refers to research designed to provide an in-depth understanding of human behavior and the reasons that govern that behavior and to interpret a single case (or event) or a small number of cases (Gerring, 2017). Qualitative research in this study uses explanatory research. Explanatory data is used because qualitative data is ideal for exploratory analysis (Gerring, 2017) to explain phenomena and characteristics, which aim to explain why this can happen by focusing on the "how" and "why" aspects. "Explanatory" is a statement or information that makes something clear by describing the relevant structure, operation, or situation, explaining why or how a certain phenomenon occurs or is the way it is (Joseph, 2004). In other words, this research focuses on why Jokowi's transactional leadership style has weakened PFT implementation in Indonesia. To use this explanation, I collected data relying on secondary sources, such as previous research, newspapers, and documentation, which allows empirical studies on the topic. I also conducted in-depth and semi-structured interviews with a number of relevant informants in political parties and experts related to PFT to clarify and reveal limited secondary data sources to describe the political situation from the past to the present. This aims to develop a series of events that can be visualized and understand how each event contributes to the next event so that it can explain the cause-and-effect process that occurs (Joseph, 2004).

This type of research is a case study. Case studies are used because they enable a more detailed investigation of causal mechanisms. According to Robert Stake (Flyvbjerg, 2011), case studies focus on "individual units", "specific functioning systems", or "bounded systems". The determining factors in defining a study as a case study are the choice of the individual unit of study and establishing its boundaries. This case study is used to explore the causal mechanism where the causal mechanism, according to Michèle Lamont (Mayntz, 2020), is "a series of events that means explaining what connects certain initial conditions [X] with certain outcomes [Y]". This research takes President Jokowi's leadership style as the independent variable and Indonesia's low PFT as the dependent variable.



This study specifically examines non-governmental organizations — such as Indonesia Corruption Watch (ICW), state institutions like the Corruption Eradication Commission (KPK), and political entities like the Prosperous Justice Party (PKS) — to understand the dynamics between the president, party elites, and oligarchs that lead to weak party financing transparency (PFT). The focus on a limited number of institutions was due to time constraints. However, these entities are sufficient to represent and explain the phenomenon. From the analysis of these cases, it is possible to identify a general pattern that likely does not differ significantly from other institutions in Indonesia.

### **3.2 Choosing a Presidential Period**

Even though Indonesia has officially had seven presidents, this thesis will focus on one: President Joko “Jokowi” Widodo. I have several reasons for choosing the Jokowi period. First, Hadiz (2017) and Warburton (2016) revealed that Jokowi had won the election by consolidating political power among political parties, mass organizations, and moderate Islamic groups. However, some of Jokowi's policies reflect actions reminiscent of those taken during the New Order era, involving steps that undermine legal standards. His authoritarian tendencies have diminished the quality of democracy in Indonesia (Hadiz, 2017; Warburton, 2016).

In contrast, during the presidency of Susilo Bambang Yudhoyono (SBY), democracy in Indonesia was considered relatively stable — although it tended to stagnate (Power & Warburton, 2020; Tomsa, 2010). Furthermore, according to Transparency International Indonesia (2019), a significant change occurred during Jokowi's administration: the Corruption Eradication Commission (KPK) was no longer independent and came under presidential control. Several points in the revised law have weakened the KPK as an institution.

Third, Indonesia's corruption ranking remained unchanged throughout President Jokowi's leadership, showing no signs of improvement. According to data from Indonesia Corruption Watch (ICW) released in 2023, Indonesia's Cumulative Achievement Index (GPA) has decreased to 34, marking the country's lowest achievement in the Reform Era (CNN Indonesia, 2023). This is the second time during Jokowi's administration that the GPA score has dropped significantly; previously, it fell to 37 in 2020 from 40 in 2019. Although the GPA rose again in 2021, it fell once more in 2022. This indicates that the progress of Indonesia's corruption ranking during the Jokowi era has returned to its starting point, as the ranking position is the same as it was at the beginning of his administration in 2014.

Fourth, more ministers and deputy ministers were arrested on various charges, including corruption, during Jokowi's term in office than during the presidency of SBY and Megawati Soekarno Putri. According to dataindonesia.id (2023), three ministers were arrested during Megawati's term, five under SBY, and seven under Jokowi.

## CHAPTER IV FINDINGS AND DISCUSSION

An examination of Indonesia's PFT over 10 years under the leadership of President Jokowi shows that no serious efforts were made to improve implementation and that it, in fact, weakened. This has led to an increase in corruption cases and the decline of democracy. To explain this phenomenon, we can analyze Jokowi's transactional leadership style and its correlation with Indonesia's low PFT:

### ***4.1 Power Interest: President Jokowi's Power Relations, Oligarchs, and Party Elites***

To understand the relationship between the transactional leadership style and PFT implementation, it is necessary to look at the "power interest" of the leader. According to Alan Renwick (2010), power interest refers to the pursuit of office and policy influence. Pure office-seekers seek to win or maintain the position as an objective of the position itself or for its benefits; pure policy-seekers pursue maximum influence over public policy outcomes. In this case, I am indicating that the president, in order to maintain his power and interests, needs to conduct transactions with oligarchs and party elites. Winters (2011) separates elites from oligarchs. According to him, elites are not entirely oligarchs. However, oligarchs must come from the elite. Jokowi needs material support from oligarchs because of the high financial cost of running a presidential campaign, which is estimated to be at least Rp 20 trillion, according to *Kompas* (Azra, 2021), and political support from party elites. In addition to maintaining political stability, the latter is stipulated by the Elections Law, which requires presidential and vice-presidential candidates to be backed by a political party that won at least 20 percent of the seats in the House of Representatives (DPR) in the previous election.

The argument in this thesis is that President Jokowi had frequent dealings with oligarchs and party elites, resulting in weak PFT implementation. Previous researchers have discussed Jokowi's transactional leadership style, with Leach (2015) noting that he carried on the transactional political culture fostered by previous presidents. Given the current political culture, it would be very unlikely for a president not to engage in political transactions. This is in line with Avoilo's (2014) comments noting that leadership styles are highly influenced by organizational culture. Indonesia's current political culture is transactional as evidenced by Muhtadi's dissertation (2019), which revealed that the country's measure of money politics is double the world average of

33%. This places Indonesia third in the world ranking of money politics, after Benida and Uganda.

In the context of Indonesian history, Robison and Hadiz, (2014) in their book “Reorganizing Power in Indonesia: The Politics of Oligarchy in an Age of Markets”, explain that Indonesian oligarchy did not disappear after the downfall of the New Regime. Instead, it transformed by adjusting to the country’s new political context, which is driven by Neoliberalism. In line with Winters' (2011) opinion, the New Order regime provided facilities for a few individuals (oligarchs) to protect and expand their wealth. From there, they built wealth defense strategies through interventions in the political sphere. In Hadiz, Vedi, Robison, & Richard's (2013) oligarchy thesis, wealth accumulation in Indonesia occurs through "control of public institutions". As a result, oligarchs directly occupy strategic bureaucratic and political positions. During Jokowi's administration, ironically, coalitions formed by oligarchs and party elites helped the Jokowi administration and the House secure government policies and the economic and political interests of oligarchic groups (Asrinaldi et al, 2019). This thesis does not fully blame Jokowi for rolling out the red carpet for oligarchs and party elites, because transactional politics has always been commonplace in Indonesia. He is, however, responsible for bringing the practice back with a frequency that has not been seen since the New Order regime, squashing efforts to improve bureaucratic reform.

The policies established by President Joko Widodo to implement his development agenda have been met with criticism that accuses him of prioritizing infrastructure over the improvement of people's welfare and eradicating poverty (Warburton, 2016). In addition, Jokowi listens more to the views of his cronies when formulating government policies than to those of his political opposition. Thus, developmentalism in the Jokowi era has been very shallow and narrow. This is in line with the transactional style that only focuses on short-term managerial orientation (McCarthy, et al 2008). Jokowi, in his development goals, aimed to address bureaucratic reform, legal issues, and anti-corruption efforts. However, he was not able to fully achieve these substantive goals. One example of this is his inability to ensure transparency in party financing, which was a part of his reform agenda that remained incomplete.

During his leadership, President Jokowi did not give serious attention to revising the Political Party Law. A report from Indonesia Corruption Watch (2017) found that the Jokowi-Jusuf Kalla administration (2014-2019) largely neglected the agenda of improving good governance and reforming the political sector, particularly the party

system. Although efforts were made, they did not reflect a serious and committed approach. Consequently, many policy implementations and substantive changes did not align with the president's vision. The government's political commitment to reforming the party system was in line with the Corruption Eradication Commission (KPK), civil society groups, and academics. These groups provided significant input to the government, including research papers and draft laws with five key recommendations: improving cadre recruitment, enhancing internal democracy, increasing state budget allocations to parties, ensuring transparency and accountability, and enforcing laws. Unfortunately, from these five proposals, the government, through the Minister of Home Affairs, only took the initiative to increase financial assistance to parties by revising Government Regulation No. 5/2009 on Financial Assistance to Political Parties.

The rise of oligarchy during the Jokowi presidency is one of Indonesia's most prominent phenomena in its political development. Winters (2013) argues that along with the consolidation of democracy in Indonesia, oligarchs are increasingly positioned as the main determinants of political life in Indonesia. The dominance of power from such oligarchs will be counter-productive to reform agendas, as the president's great power will be co-opted. A president in a presidential system has a great deal of power. Powers in the presidential system include administrative, legislative, security, judicial, and diplomatic affairs (Budiarjo, 2008). With the mandate of great power a president possesses, the president must be an important variable to be considered in the direction of policy movement, including in realizing good PFT implementation. Once again, Jokowi's position as president and head of state presents him with enormous power. With it, Jokowi has two options: choosing to strengthen or weaken PFT. Let's look at Jokowi's approach over the past 10 years or so. Based on observations and analyses, it can be surmised that Jokowi chose to weaken Indonesia's PFT by engaging in transactional dealings with the oligarchy and party elites, because strengthening PFT implementation would be counter-productive to their interests. Below is a description of the transactions that have taken place between the president, oligarchs, and party elites.

#### **4.1.1 Transactional Evidence: Jokowi and Oligarchs**

Transactional leadership, in addition to short-term managerial orientation (McCarthy et al, 2008), is an exchange in which two parties influence each other reciprocally so that each gets something of value. (Yukl, 1981). My argument in this study, as I have explained above, is that Jokowi engaged in transactional dealings with oligarchs to gain material support for his presidential campaign. That being said, I agree with Mietzner

(2015) that as a populist, Jokowi had his first election in Indonesia with a good image and was considered a genuine product of democracy. However, Jokowi was trapped in an oligarchic circle; he was "raised" by oligarchic groups and "entrusted" to the Indonesian Democratic Party of Struggle (PDI-P) (Taufik et al. 2023).

Before being elected president, during his campaign for governor of Jakarta, Jokowi engaged in a transactional leadership style with oligarchs. *Tempo* magazine published an op-ed article highlighting the oligarchs supporting Jokowi's candidacy: "The people supporting Jokowi's candidacy are oligarch Hashim Djojohadikusumo and his brother General (Ret.) Prabowo Subianto, who will run for President in 2014 as the candidate of the Gerindra party" (Agustina, 2012). Although Jokowi was initially seen as a political figure who did not belong to Indonesia's old power elite, he eventually accommodated the interests of oligarchs and party elites. This was done to facilitate policy implementation and to secure bargaining positions to mitigate his political vulnerabilities, particularly because he did not have a political party of his own, making his position precarious.

During Jokowi's presidency, the rise of oligarchy was highlighted by many Indonesian political institutions and observers as a major factor in the decline of Indonesian democracy (Asrinaldi & Yusoff 2023). According to Azra (2021), the oligarchy has grown stronger with the formation of a large coalition of factions in the House of Representatives (DPR). This grand coalition supports the Jokowi regime and includes parties such as the PDI-P, NasDem, the Golkar Party, the National Awakening Party (PKB), the United Development Party (PPP), and the National Mandate Party (PAN). On the other hand, the Justice Party (PKS) and the Democratic Party were unable to counteract the influence of the political oligarchy. In fact, toward the end of Jokowi's administration, the Democratic Party also joined the regime.

Jokowi, which often focuses on practical exchanges of interests and policies, facilitates close relationships with political oligarchs. This may include political or economic deals that provide access or support to the oligarchy, which can then influence or hinder efforts to increase the transparency of political party financing. As publicly reported by *Tempo* (2023) titled "Jokowi and PSI's Old Relationship", according to an official of the Indonesian Solidarity Party (PSI), Jokowi helped the PSI party find donors who were — none other than — oligarchs. Some of the oligarchs who joined Jokowi's winning team are as follows:

Table 4.1 Oligarchy in Jokowi's Circle

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Field of work</b>
Oesman Sapta Odang	Jokowi's TKN Advisory Board - Ma'ruf Amin	PT. Total Orbit Prestasi	Coal
Andi Syamsuddin Arsyad	Deputy Treasurer of TKN Jokowi - Ma'ruf amin	PT. Group Jhonlin	Coal
Hary Tanoesoedibjo	Dewan Penasehat TKN Jokowi Maruf	MNC Energy and Natural and MNC Group	Media and Coal
Luhut Binsar Panjaitan	Jokowi Volunteer Group - Ma'ruf Amin Bravo-5 and Cakra-19	PT. Toba Batu Bara	Coal
Erick Tohir	Jokowi-Ma'ruf TKN spokesperson	PT. Avabanindo Perkasa	Advertising Services
Surya Paloh,	Chairman of the Nasdem Party.	Media Group and PT Emas Mineral Murni	Media and Mining
Sakti Wahyu Trenggono	Treasurer of TKN Jokowi Ma'ruf	PT. Solusindo Kreasi Pratama	Provider Internet

(Sourch : Watchdoc, 2019)

Additionally, Jokowi has engaged in transactions with mass media oligarchs to aid his governance. He leveraged mainstream media to shape public opinion in his favor (Tapsell, 2015). The media played a crucial role in building a positive image of Jokowi among the public. Oligarchs can use their resources to support the press and influence public opinion (Bulmer & White, 2022). Media entrepreneurs who supported President Jokowi include Harry Tanoesudibjo, owner of MNC Corporation and General Chair of the Indonesian Unity Party (Perindo), and Surya Paloh, owner of the Media Group and General Chair of the Nasdem Party. This significant support led to Jokowi appointing Harry Tanoesudibjo's son as deputy minister of industry and creative economy and allocating three ministerial positions to Surya Paloh's party. This was a result of transactions between the president and mass media oligarchs (Tapsell, 2018).

Jokowi's government was plagued with competition among oligarchs, with each demanding their share for their support in making Jokowi president (Taufik et al., 2023). This pushed Jokowi to consolidate his power to strengthen his government amid the various challenges he faced within the Cabinet, leading to disharmony with the PDI-P. Both the opposition and the coalition viewed the government as weak, especially as Indonesia's economic growth slowed and inflation increased. Therefore, for the first time in 2016, Jokowi consolidated power to ensure political stability and the security of his development program (Warburton, 2016).

#### 4.1.2 Evidence of Transactions Between Jokowi and Party Elite

To gain power, Jokowi not only made deals with oligarchs to secure material support, but he also conducted transactions to gain political support within the government by consolidating the power of the elite political parties that won the election. Jokowi was able to control the process of democratic consolidation to strengthen his political position (Asrinaldi & Yusoff, 2023). During his presidential term, Jokowi made surprising moves by involving the heads of political parties who had won the election, appointing them as ministers in his Cabinet. For example, Gerindra Party Chairman Prabowo Subianto became Minister of Defense; Golkar Party Chairman Airlangga Hartarto became the Coordinating Minister for the Economy; PAN Chairman Zulkifli Hasan was appointed as Minister of Trade; and Democratic Party Chairman Agus Harimurty Yudhoyono became Minister of Agrarian Affairs and Spatial Planning. Apart from party leaders, many ministerial posts were also filled by members of supporting parties as a result of Jokowi's transactional politics. The following is the composition of Jokowi's Cabinet for the 2014 and 2019 periods.

Table 4.2 Jokowi Cabinet 2014-2019 and 2019-2024

Jokowi's Cabinet	Composition	
	Non-Party Members	Party Members
2014	20	17
2019	14	17

Source: Center for Political Information (Popenoe, 2024).

The position of minister is significant for political parties in Indonesia. This is because parties often use ministries as a source of financial income. As said by Mietzner (2013), party leaders view the role of minister as an important instrument for raising



funds for party activities. Often, ministerial positions that have large budgets become targets for political parties.

In another case, Megawati Soekarno Putri (sixth president of Indonesia), general chair of the PDI-P, often called Jokowi a "Party Officer". In this position, Jokowi's debt of gratitude to the party will greatly impact a president's performance. Donal Fariz, Legal Expert and Former Member of ICW, said during an interview:

"If we entrust Members of Parliament, such as those from PDI-P, NasDem, or PKS, with the responsibility of proposing improvements in party financing transparency, they will likely refrain from doing so. This reluctance stems from our party system being highly elitist and oligarchic. Consequently, key state officials like the Minister of Home Affairs and the Minister of Law and Human Rights will also avoid discussing party governance reforms, fearing it would conflict with the desires of the elite. These officials risk losing their positions if they challenge the elite.

At the technical level, there's this fear of being ousted by the elite. At the elite level, it's similar. For instance, President Jokowi, as a party leader, would likely avoid pushing for such reforms because the current conditions benefit the elite (Donal, Jakarta, April 23, 2024)."

Jokowi's transactional style and parties like this certainly impact the role and function of the House of Representatives (DPR), which is filled with a collection of political parties. The DPR is a gathering place for political parties to bargain with the government in formulating policies. To smoothen the policy-making process in the DPR, the president aims to control the DPR through political cooperation with political party leaders, starting with involving them in building the government through coalitions. The full support of political parties gives President Jokowi an advantage in implementing his development agenda. With such support, the DPR's function is weakened, indicating democratic stagnation in Indonesia. This is due to the stronghold of party oligarchy in Jokowi's government (Asrinaldi et al, 2022). President Jokowi also managed to ignore criticism from opposition groups, such as the Prosperous Justice Party (PKS) and the Democratic Party. Without a doubt, the oligarchic coalition consisting of government-backed parties has led to the formation of party cartels to secure their political positions in the government and strengthen their respective economic resources (Ford and Pepinsky, 2014; Katz and Mair, 2018). To improve their position, they also threaten to dismiss party members in the House of Representatives who go against the party's interests. The dominance of party oligarchs is due to the absence of democracy in political parties and

the absence of policy accountability and transparency. This transactional style, in reality, has led to a situation where the process of building a Cabinet does not follow the principles of a presidential system (Isra, 2010).

During the Susilo Bambang Yudhoyono (SBY) presidency, the DPR had a very strong position in the government. The DPR distanced itself from President SBY's power, often opposing his policies. Some of SBY's principles were critically debated by the DPR, which meant the DPR's oversight function was run smoothly. For example, *Detiknews* reported that the DPR showed a critical attitude toward the government over the issuance of Presidential Regulation No. 4/2008 on the financial system safety net, which led to the Century Gate scandal. Century Gate was related to the government's efforts to save the troubled Century Bank by providing Rp 6.7 trillion in capital, which ultimately harmed the state (Edwards, 2014).

This discussion shows the reality that the weak function of the DPR as a political community during Jokowi's administration has led to the decline of democracy through its inability to supervise and control. This kind of politics that looks after each other will lead to interests that prioritize financiers over the community's interests. In addition, if funding comes from groups of financiers, the party is not independent and dependent on the funders. The impact is seen in policy-making that no longer favors the people's interests (Elin et al, 2016). This is evidenced by the absence of soundings from the president and the DPR regarding efforts to improve transparency in party financing for almost 10 years, both from the government and the DPR.

#### **4.1.3 Relationship Between Political Parties and Oligarchy**

It should also be underlined that political parties have a transaction relationship with oligarchs, which also means that the party financing system is too dependent on oligarchic donations (Mietzner, 2015). This happens because the increasingly fierce competition with the multiparty system in Indonesia requires parties to try as intensively as possible to win constituents' hearts. This situation, on the other hand, has implications for the pressure on parties due to the tendency to increase the cost of contestation that must be carried out (Wibowo, 2021). In addition, according to Mietzner (2015), none of the three elements that form the basis of this system (membership fees, donations, and state subsidies) have effectively financed politics.

Political parties are crucial for helping politicians reach legislative and executive positions, but this requires substantial funding. The challenges faced by political parties double the financial burden on candidates. Campaign efforts entail more than just visiting homes, attending numerous meetings, and putting up posters and banners; they also

require appearances in mainstream media like newspapers and television. Additionally, funds are needed for organizing the party, recruiting new members, gathering public opinions, and building a positive image. Politics and money are intricately linked (Wibowo, et al, 2021). Without sufficient funds, political parties cannot function, politicians cannot effectively communicate with the public, and election campaigns cannot be conducted. Therefore, oligarchy becomes a significant factor for parties.

Instructions from party oligarchs to parliamentary factions play a critical role in policymaking and are a common practice in Indonesia's legislative process (Ford and Pepinsky, 2014; Mietzner, 2015). This occurs because the oligarchy controls part of the political infrastructure (political parties) and the electoral process through strategic actors who have the financial resources. These actors maintain their resources and explore new ones for individual and group interests by dominating and networking power relations.

This can also explain that political parties' dependence on financial support from political oligarchs can create incentives to maintain the status quo and avoid changes that could threaten the relationship. IDEA (2019) explains that when politicians are overly dependent on funding from a small number of donors, their policy agenda can be co-opted. The result is that the DPR is also weakened. Transactions weaken the DPR's function as a check on the government. Matters related to the interests of the people are not implemented. On the other hand, the weakening of PFT is also something that parties enjoy.

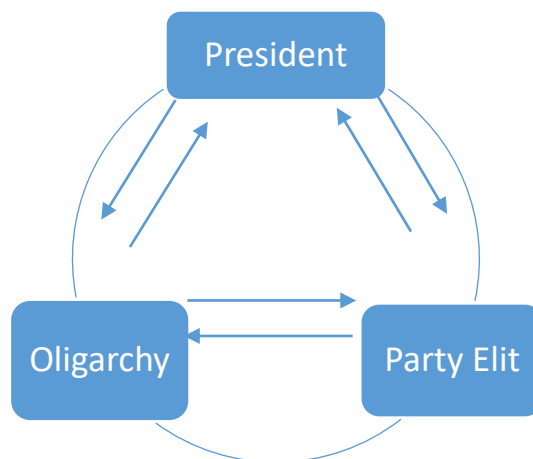


Figure 4.3 Reciprocal Relationship

Pattern: This scheme shows the reciprocal relationship between the president, the oligarchy, and the party elite where all three transact and need each other.

#### ***4.2 The Consequence of Jokowi's Transactional Leadership Style: The Absent of Political Will to Strengthen PFT***

More political will is needed from the three — the president, oligarchy, and party elites — to make improvements to PFT. According to Post, et al (2010), political will is the extent to which key decision-makers are committed to supporting a particular policy solution to a problem. Jokowi's commitment to "political will" weakened because he chose to favor the interests of oligarchs and party elites over the community. This shift was due to various transactions and deals he made. Throughout nearly ten years of Jokowi's leadership, it has become evident that his transactional politics have slowed the implementation of PFT both directly and indirectly. Some of the impacts include:

##### **4.2.1 The Absence of Revisions to the Political Party Law**

The Jokowi government's political commitment to reforming the party system is in line with the demands of the Corruption Eradication Commission (KPK), civil society groups, and academics. These groups, according to an ICW report (2017), have offered the government a great deal of input and suggestions — through studies and academic papers — on drafting laws that would address five priorities, namely improving cadre recruitment, improving internal democracy, increasing state budget allocations to parties, transparency and accountability, and law enforcement. Unfortunately, from these five proposals, the government, through the Minister of Home Affairs, only took the initiative to increase party financial assistance by revising Government Regulation No. 5/2009 on Financial Assistance to Political Parties.

This occurred during Jokowi's first term in office with Jusuf Kalla (JK) as vice president (2014-2019). This administration created a "national vision" dubbed "Nawa Cita Jokowi-JK", which included building a proactive government through clean, effective, democratic, and reliable governance. Its derivative points were "Building Transparency in Governance" and "Restoring Public Trust Through Party System, Elections, and Representative Institution Reform" (PANRB, 2023). Such big ideas were not born in a vacuum; Jokowi was well aware that the country needed a reform overhaul, including party system reform and transparency. However, none of this happened during the Jokowi-JK administration. Even in Jokowi's second term with Ma'ruf Amin as vice president (2014-2019), efforts were made to reform political parties and transparency.

The Political Party Law has been revised four times since the Reform era, namely in 1999, 2002, 2008, and 2011. This means that no revisions were made during the Jokowi administration — evidence that it paid no attention to the agenda of improving good governance and improving the political sector, especially party system reforms that can increase the accountability and transparency of political institutions. Some efforts were made, but they lacked commitment.

Institutions designed to ensure transparency and accountability have needed help managing the enormous task at hand. The country's political elite has done little to expand or improve the mechanisms that were established in the early years of Reformasi (Reform era). Indonesia has a number of strong regulatory bodies, most of which were established as part of the broader democratic transition after 1998: the Corruption Eradication Commission (KPK), Competition Supervisory Commission (KPPU), the Ombudsman, and the Financial Audit Board (BPK). These bodies perform their duties in difficult political circumstances and face constant resistance and threats from vested business interests and political elites — and they do so with limited resources. Under such conditions, it is understandable that their capacities vary greatly.

Indonesia has rules on the transparency of party financing, as regulated in Law No. 2 /2011, which is further regulated in Government Regulation No. 5/2009 concerning Financial Assistance for Political Parties. The principle includes sources of funds from membership fees, corporate donations, government donations, individual donations, organizational donations, and donations from foreign parties. It also discusses the opportunities for political parties to generate business revenue, the limits on campaign funds, regulations concerning routine political party funds, the relationship between routine funds and campaign funds, the transparency of financial reports, the disclosure of the sources of political party funds, and the penalties for violations related to political party funding.

#### **4.2.2 Rules that Accommodate Oligarchs and Party Elites**

Policies made by the government have actually strengthened the position of the oligarchy and party elites. Policies that favor the interests of oligarchs and party elites during Jokowi's two terms did not directly weaken the country's PFT, but implementation was markedly low because of the power exerted by groups that wanted to avoid it at all costs. The Jokowi administration released at least eight government regulations in lieu of law (Perppu) that demonstrated how the government ignored the institutions that represented the people and were supposed to serve as its partners in discussing every policy related to

the public interest (Asrinaldi, & Yusoff, M. A. 2023). These include Perppu No. 2/2017 on Mass Organizations, Perppu No. 2/2020 on Pilkada (regional elections), Perppu No. 1/2022 on Elections, and Perppu No. 2/2022 on Job Creation. This shows how the government has continued to ignore the public interest.

#### **4.2.3 Weakening State Institutions and NGOs**

The influence of civil society in Indonesia on politics and government policy depends largely on the number of dedicated supporters involved in both governmental and non-governmental organizations (NGOs). During President Jokowi's term, only a few civil society groups engaged in political activities or influenced government policies, as their positions were often threatened under his administration (Mujani & Liddle, 2021). The transactions and deals made by Jokowi have increased the power of his administration. A survey by the Indonesian Survey Institution (LSI) showed that public satisfaction with Jokowi reached 76.2% (\*Tempo\*, 2023). According to Leach (2015), stronger government power leads the leadership to act in ways to maintain its power, even if it goes against democratic principles. This means the leader may use undemocratic means to suppress internal opposition, which is seen as a threat to their authority.

Mietzner (2020) argues that civil society in Indonesia is politically and ideologically polarized, ensuring that no democratic agenda emerges to counterbalance the government's agenda. This polarization has emboldened the government to limit civil society protests against its policies. For instance, the House of Representatives approved Jokowi's move to issue Government Regulation in Lieu of Law (Perppu) No. 2/2017, which allowed the dissolution of existing mass organizations. This regulation was part of Jokowi's strategy to control mass organizations. While the government claimed it targeted radical groups like Hizbur Tahrir Indonesia (HTI) and the Islamic Liberation Front (FPI), it also managed to formalize the positions of these organizations' leaders by providing funds to finance their activities. This strategy has indirectly transformed civil society organizations from activism to formalism (Lay & Netra, 2020).

Additionally, let's take a quick look at the Corruption Eradication Commission (KPK). Since starting operations in 2003, the KPK has remained one of the most prominent and popular institutional products in the Reform era (Butt, 2015). Sting operations carried out by the KPK have placed many prominent politicians, judges, bureaucrats, and businesspeople behind bars. Because of this, the KPK is often the target of political elites and law enforcement. However, a revision of the Corruption Eradication Committee Law into Law No. 19/2019 effectively placed the anti-graft agency under the

executive branch, defanging it and robbing it of its independence. The revision essentially weakened the KPK and enabled corruption suspects to evade justice (Yulianto, Y. 2020). President Jokowi also made the KPK vulnerable to new attacks (Muhtadi, 2015). For instance, in February 2018, the House passed a revision of the 2014 Legislative Body Law (UU MD3), which made it more complicated to prosecute and investigate lawmakers and gave them the authority to take legal action against those who violated their rights (Robet, 2018). President Jokowi allowed this revision to pass, despite opposition from various institutions who said it tarnished the reputation of the nation's academics and activists. Jokowi's approach to the KPK has been passive; he neither defended nor explicitly weakened the commission.

Despite government efforts to undermine civil society organizations by labeling them as non-compliant, unambitious, and misaligned with public interest, society continues to support these organizations, driven by the trust they place in them to replace the increasingly weakening and deteriorating legislative institutions (Asrinaldi & Yusoff, 2023). This co-optation politics impacts civil society's freedom in dealing with government policies (Nyman, 2009). One of Jokowi's strategies is to fund the activities of civil society organizations to create ties between these groups and the government. For example, the government involves various civil society groups to provide clean water to rural residents. Through Presidential Regulation No. 16/2018, the government provides access to funding for these civil society groups as long as they assist with government programs for the community.

In addition to political parties and oligarchs, the president also has dealings with religious mass organizations. As reported by *Tempo* in an article titled "Distribution of Mining Business Permits to Mass Organizations to Pay Jokowi's Debts", Jokowi granted mineral and coal mining concessions to the Nahdlatul Ulama Executive Board (PBNU) as a reward for supporting Prabowo Subianto, who paired with Jokowi's son in the 2024 presidential election. This, too, has the potential to be debilitating. The discussion above reveals civil liberties as an issue when the government feels its development agenda is being disrupted. Jokowi blocked news portals and social media from attracting public attention. Not only that, but Jokowi also used the army, police, and intelligence agencies to suppress criticism of his government (Fealy, 2020). The loss of civil society's freedom of opinion to express their ideas, let alone express criticism of the ruling regime, is a real setback for Indonesian democracy.

Table 4.4 Jokowi's Policies Weakens Indonesia's PFT

Policy	Law	Implementation	Period
Revision of the Political Party Law	-	None	Jokowi's 1 <sup>st</sup> and 2 <sup>nd</sup> term
Regulations that weaken State institutions and NGOs	<ul style="list-style-type: none"> <li>- Corruption Eradication Committee Law No. 19/2019,</li> <li>- Perppu No. 2/2017</li> <li>- MD3 Law of 2014</li> </ul>	Many	Jokowi's 1 <sup>st</sup> and 2 <sup>nd</sup> term

### 4.3 Discussion and Analysis

From the series of events and empirical evidence above, I argue that President Jokowi's frequent dealings with oligarchs and party elites have led to the weak implementation of PFT in Indonesia. President Jokowi has the power to strengthen PFT; the least he can do is limit the power of the oligarchy by, for example, requiring transparency in political donations. This is a time-tested measure, which to a greater or lesser extent, and with a greater or lesser degree of effectiveness, already exists around the world (Falguera et al, 2014). Unfortunately, this has not been well implemented as the national bureaucracy, tightly controlled by the Jokowi regime, has also failed to uphold its responsibilities, thus contributing to the decline of democracy (Asrinaldi & Yusoff, 2023). The decline of democracy in the Jokowi era occurred because according to Hadiz (2017) and Warburton (2016), Jokowi won the election by consolidating political power through various groups, such as political parties, mass organizations, and moderate Islamic groups. However, some of Jokowi's illicit policies resemble those of the New Order. He has shown an authoritarian attitude that has degraded Indonesia's quality of democracy (Hadiz, 2017; Warburton, 2016). In contrast, during the Susilo Bambang Yudhoyono (SBY) era, Indonesian democracy was considered relatively stable even though it tended to stagnate (Warburton, 2020; Tomsa, 2010).

Likewise, Indonesia's corruption index increased during the Jokowi era. According to data from the Indonesian Corruption Watch (ICW) released in 2023, Indonesia's Cumulative Achievement Index (IPK) has decreased, and there has been no improvement at all in the country's corruption ranking. Indonesia's score for handling



corruption fell to 34, its lowest since the start of the Reform era (CNN Indonesia, 2023). Additionally, the KPK lost its independence during Jokowi's term in office, placing the agency under the control of the president. According to Transparency International Indonesia (2019), several points in the revision of the KPK law have weakened the KPK.

The transactions that took place between the president, oligarchs, and party elites were driven by Jokowi's interest in maintaining power. According to Bulmer and White (2022), elected politicians and presidents generally aim to be reelected. Their chances of reelection diminish if the economy performs poorly because capital owners might withhold investment if they perceive policies as contrary to their interests. Even if a policy has public support, the potential negative reaction from capital owners can deter its implementation (Lindblom, 1977; Christiano, 2010; Bennett, 2021). Renwick (2010) states that power interests usually focus on two aspects that motivate actors: power interests and values. There are two main reasons for power interests: pursuing a position and pursuing policy influence. A pure office seeker aims to win or retain office for its inherent benefits. To achieve this, transactions with oligarchs and party elites are necessary. The president needs material support from oligarchs and political support from party elites. All three — oligarchs, the president, and party elites — rely on each other. Oligarchs need the president and party elites to facilitate their business activities, while the president and party elites need oligarchs to maintain power. Effective implementation of Party Financing Transparency (PFT) would hinder this collaborative process, so the president has no choice but to ignore weak transparency rules.

After these transactions occur, the president indirectly becomes part of both oligarchs and party elites and is interested in maintaining their support. This results in a lack of political will from all parties involved, as everyone benefits from the status quo with weak PFT conditions. As Donal Fariz, a legal expert and former member of ICW, explained:

"I agree that Jokowi can be called a transactional leader if we look at some concrete events, such as how the president gave ministerial posts to certain party elites. This cannot be interpreted as power-sharing, but on the other hand, it is clearly transactional and evenly distributed to the power nodes. In addition, I believe the fundamental problem is that such a party regulation system is favored by many elites, desired by many elites, so there is indeed no political will to reform the rules for funding political parties that are more transparent." (Donal, Jakarta, April 23, 2024)

In line with the results of an interview with Hidayat Nurwahid, a member of the DPR RI F-PKS, the former president of the PKS said:

" In fact, if you follow existing legal regulations, transparency is absolute because apart from the law on public information, parties are required to submit financial reports every year to the Ministry of Home Affairs. So far, we have not heard of anyone being arrested by the Corruption Eradication Commission or being reprimanded by the Ministry of Home Affairs because their reports about political assistance were not submitted properly. So, if that is one measure, then the transparency of political parties applies according to the rules." Hidayat, Jakarta, April 8, 2024)

Based on Hidayat Nur Wahid's statement, there is no political will to improve Indonesia's PFT. The current conditions are considered ideal conditions. In fact, PFT refers to the openness and accessibility of information regarding financial activities related to political campaigns, parties, and candidates. This includes disclosing how much money is raised and spent in politics, the sources of those funds, and how those funds are used (IDEA 2019) not only by donors from the state but all sources of party funding and expenditure. In addition, PFT must meet the elements described in the writings of Öhman, H Zainulbhai (2011), and Maticovic (2013). They provide several dimensions to measure the level of PFT in a country, namely through five stages: internal control (agency doctrine, standards accounting, banking system), financial reporting and auditing, control by law enforcement agencies supported by investigative mechanisms, external monitoring (civil society, media, competing parties, voters), and prosecution and sanctions (administrative, criminal and political sanctions).

In several instances, various aspects are poorly implemented. For example, a report from ICW (2014) indicated that almost all political parties submit reports that do not meet the standards set by the KPU. ICW's monitoring of campaign financing in the 2004-2014 elections also revealed that most political parties and candidates do not report their campaign expenditures accurately, often underreporting their actual spending (Hurriyah, 2020). Furthermore, during the 2019 presidential election, the largest contributors to the Jokowi-Ma'ruf campaign fund in the group contributor category were the TBIG Golfers Association (PT Tower Bersama Infrastructure Group Tbk) and the TRG Golfers Association (Global Research Technology). When combined, their contributions amounted to Rp 38,231,904,138, which exceeds the group contribution limit set by regulations, which is Rp 25 billion. However, the KPU did not impose any sanctions for this violation (Source: Indonesian KPU, LPPDK TKN Jokowi-Ma'ruf). Additionally, Law No. 7/2017 concerning Elections does not impose limits on donations from political

parties and candidates. This lack of limitation contradicts fundamental rules of transparency and accountability, which should establish clear donation limits, and that is the result of a transactional leadership style.

Transactional leadership is a short-term managerial orientation rather than a true leadership style and has little potential to produce a long-term, sustainable competitive organization. (McCarthy, 2008). In line with the *Tempo* report (2023) titled "Presidential Candidates in the Hands of the Oligarchy", Jokowi's legacy is primarily cartel politics that has issued many decisions and policies that are detrimental to the people. Udogu (2008) further states that transactional leadership can disconnect leaders from their followers at the grassroots level and strengthen the doctrine of the "iron law of oligarchy". James Macgregor Burns explains that transactional leaders exchange tangible rewards for the work and loyalty of their followers. (Odumeru & Ogbonna, 2013). Aforementioned empirical evidence of transactions between Jokowi, oligarchs, and party elites proves that Jokowi is not focused on improving bureaucracy, including efforts to make party financing transparent. In line with Mietzner's (2015) statement, the reason why political funding reform was so slow in the Jokowi era was none other than the power of deeply entrenched interest groups. Even though the studies are different, it is evidence that as a result of Jokowi's choosing to be transactional, improvements in the transparency of political funding have been difficult to achieve. The interest groups referred to here are party elite groups and oligarchs. If viewed from an oligarchic aspect, President Jokowi's authority has been coopted by other powers. According to Winters (2011), why and how this can happen is that wealth will always have a big influence on the oligarchy's ability to defend and fight for its main interests. This theory proves that democracy seems to no longer function in Indonesia.

The transactional leadership style creates a close relationship between the president and oligarchs, giving the latter influence and power. Robinson and Hadiz (2013) describe oligarchy as a system of power relations that enables the concentration of wealth and authority and the collective defense of wealth concentration. So, oligarchy can be summarized as the possession of power and the use of power whose main target is not the people (society) but the actors themselves. They reach the ruling elite through available financial capabilities by funding party activities in elections so that their businesses remain safe and free from government interference (Asrinaldi & Yusoff, 2023). President Jokowi's position grew stronger with support from oligarchic groups. In essence, political party funding, which comes from the majority of member/constituent participation, will form a pro-people party because of its dependence on people's involvement. On the other

hand, funding from investment groups makes parties more dependent on funders. The impact can be seen in policymaking that is no longer in favor of the interests of the people (Elin et al, 2016), likewise with political parties. So far, political parties have received funds not only from the state, but also from the community, members, and parties who act as donors. The problem is that the influx of funds from certain parties also brings various interests.

Parties and oligarchs would refuse to support the strong implementation of PFT because it enacts rules regarding transparency and accountability, which could hinder transactions between the three. For example, in the context of party financing transparency, according to Lukas Anderson (2019), the agreement states that accounting must be open and honest and include the names of legal entities and people, how much they donated, and the number of times they contributed. Transparency and accountability will hinder the president's political agendas with related parties. In a "crisis situation", a transactional leadership style seeks to maintain the status quo and keep the ship afloat (BusinessBalls, 2023). Therefore, a weak PFT system is not only beneficial for political parties and oligarchs, but it also benefits the president, because to achieve his goal, the president must carry out transactions with party elites and oligarchs. The president can conduct transactions with various parties without having to pay attention to the rules related to PFT.

In some cases, oligarchs and party elites collaborate on significant state and business matters. Extreme wealth always faces political and social challenges. When a small group of people controls a large amount of wealth, they attract threats from various sources, including those who are less wealthy, the state or powerful authorities, and other oligarchs. Oligarchs often operate behind the scenes because their interests frequently conflict with those of the general public. The same applies to donations to the president and political parties. Political elites need political organizations to advance their positions and gain access to the stronger business class and broader state resources. Bureaucratic elites who seek to increase their power will align themselves with political elites, economic elites, and oligarchs. In summary, business oligarchy, politics, and the president are interconnected in many ways, influencing and controlling democracy, bureaucracy, and policy. As a result, the PFT system in Indonesia has been hindered or weakened by presidential decrees.

## **CHAPTER V**

### **CONCLUSION**

#### **5.1 Conclusion**

This thesis questions how President Jokowi's transactional leadership style with oligarchs and party elites influences the implementation of PFT. This research shows that the impact of Jokowi's transactional leadership style with oligarchs and party elites is the cause of the weak implementation of PFT in Indonesia. The results of this research support my hypothesis, which places President Jokowi's transactional leadership style as an independent variable. The findings in this thesis are also coherent with the theoretical framework used, namely transactional, oligarchy, and power interest leadership styles. The reason for concluding that Jokowi's transactional leadership style led to weak implementation of the PFT is that in a presidential system, policy is entirely in the hands of the president. Control over the country is in his hands. This can lead the president to produce policies based on his interests, including weakening or strengthening PFT implementation. Therefore, weak PFT is the dependent variable through an intervening variable in the form of transactions between Jokowi, oligarchs, and political elites. Jokowi transacts with oligarchs and party elites because there is a "power interest". This is done to maintain power or maintain political stability. Jokowi needs material support from the oligarchy because of the high cost of politics and political support from party elites. In addition to maintaining political stability, this also fulfills one of the requirements for presidential and vice-presidential candidates. According to the Elections Law, presidential and vice-presidential candidates must be supported by political parties that have secured at least 20 percent of House seats. After a transaction between the three, the president indirectly becomes part of both and has an interest in maintaining the relationship so that any resulting policies benefit them — such as the weak implementation of PFT. And so, the relationship between Jokowi's leadership style and the weak implementation of PFT is indirect.

All three parties avoid PFT because economic power translates into political power, which often avoids transparency. In addition, transparency principles can threaten the power and influence of oligarchs and party elites, expose vested and group interests, open opportunities for greater scrutiny and accountability, reduce their control over political competition, and expose secrecy and illegal sources of funds. By keeping party funding non-transparent, they can maintain political dominance and protect their interests.

This thesis also shows that Jokowi's two terms in office were filled with transactions between Jokowi and oligarchs and party elites. As a result of these transactions, there was no political will to make improvements to Indonesia's PFT. Any "political will" disappeared because Jokowi's interest in siding with the people of Indonesia evaporated, and he chose to side with the interests of the oligarchy and party elites. Over the 10 years of Jokowi's leadership, several trends and consequences of his transactional politics have become apparent. One significant impact has been the delay in implementing PFT reforms. Throughout almost a decade of his administration, there have been no substantial reforms to the Political Party Law. Instead, laws were enacted that favored oligarchs and party elites, such as Job Creation Law No. 11/2020, Election Law No. 7/2017, Perppu No. 2/2017 concerning mass organizations, and Perppu No. 2/2020 concerning Regional Head Elections. Moreover, the Jokowi administration has weakened state institutions and NGOs. For instance, KPK Law No. 19/2019 has undermined the independence of the KPK by placing it under government control. Additionally, Perppu No. 2/2017 was used to dissolve existing mass organizations, which is seen as a strategy by Jokowi to exert control over these groups. The MD3 Law further enables lawmakers to take legal action against individuals who violate their rights. Therefore, this thesis successfully demonstrates the connection between Jokowi's transactional leadership style and the weak implementation of PFT in Indonesia.

## **5.2 Limitation**

This study had several limitations. First, the data used in this study is limited, so the results may not fully reflect the impact of Jokowi's transactional leadership style on the weak implementation of Indonesia's PFT. Second, the transactional leadership style theory used to explain the relationship to weak PFT is very limited, so further exploration is needed. Third, because the focus of this study is Jokowi's transactional leadership style, the results cannot be generalized to other leadership styles. This limitation needs to be taken into account in viewing the results and can be a consideration for further research in the future.

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