

# A REVOLUTION OF CORPORATE GOVERNANCE IN INDONESIA SINCE 2000-2015

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## **ABSTRAK**

Tujuan dari penelitian ini adalah untuk mempelajari revolusi Tata Kelola Perusahaan di Indonesia sejak tahun 2000-2015. Penelitian ini diawali dengan menganalisis dan membandingkan survei persepsi dari indeks persepsi corporate governance untuk mengetahui implementasi revolusi corporate governance di Indonesia sejak era demokratisasi serta mengidentifikasi faktor-faktor gerakan revolusioner sejak era demokratisasi. Analisis yang ditemukan sejak 2000-2015 penerapan tata kelola perusahaan menunjukkan bahwa secara umum perusahaan peserta telah berkomitmen CGPI (Indeks Persepsi Tata Kelola Perusahaan) untuk mencapai target kinerja. Temuan studi ini akan bermanfaat bagi beberapa pihak seperti pihak eksternal dan internal.

**Kata kunci:** revolusi, tata kelola perusahaan, demokratisasi, target kinerja

## **ABSTRACT**

The purpose of this study is to study the revolution of Corporate Governance in Indonesia since 2000-2015. This study began with analyzing and comparing the perception survey from corporate governance perception index in order to examine the implementation of corporate governance revolution in Indonesia since the era of democratization and also to identify the factors of revolutionary movements since the era of democratization. The analysis found since 2000-2015 the implementation of corporate governance show that in general participants companies have committed CGPI (Corporate Governance Perception Index) to achieve performance targets. The findings of this study would be useful to several parties such as external and internal parties.

**Keywords:** revolution, corporate governance, democratization, performance targets

## **INTRODUCTION**

The democratic revolution in Indonesia that began in 1998 was marked by the withdrawal of President Soeharto as the ruler of the New Order regime which gave rise to the reform era. A more transparent, accountable era. The democratization era not only takes place in the government sector but also implies the private sector. The situation is in line with the birth of a new paradigm known as good governance that is a good governance, not only in the government sector but also in the private sector and civil society or non profit organization. For the private sector there have been legislations that require more transparent corporate management, accountability. As the birth of regulation no.5

year 1999 about fair business competition and the birth of commission of supervisor of business competition. The situation can be concluded that in Indonesia since 1999 also has begun revolution good corporate governance. The reforms that began in 1998 strive for good governance and clean government. This demand is a reaction to the state of government in the New Order era with various problems that mainly include the concentration of power on the President, both due to the constitution (UUD 45) and not functioning well the highest institutions and high other countries, and clogged channels of public participation in giving social control. Five years after the start of reform, the desire to obtain good governance and clean government is far from

being met. Various obstacles appear in the form of political, economic, socio-cultural, legal, governmental, unrestrained and uncertainty that lead to unrest and bursts that endanger the joints of people's lives. Conceptually, therefore, has developed a principle of sustainable development that characterized the development of the world since the summit in Rio de Janeiro in 1992. The principle has been included both in conventions at the global level, as well as in regional agreements, national policies and local policies. The relationship between good governance and sustainable development can be seen from the institutional standpoint and from the point of attitudes of human resources. For example Corruption today is a problem not only for Indonesia but also for the international community. for the international community this war on corruption is evident from the provisions of the OECD, concerning the Convention on Combating Bribery of Foreign Public Officials in International Business transactions aimed at preventing and combating bribery against foreign public officials in relation to international business. Similarly, every year Political and Economic Risk Consultancy (PERC), always announces the results of its survey on corruption rank of countries in the world, where together we know that Indonesia is one of the countries included in the level of corruption. Thus if this corruption and collusion problem does not get adequate portion of its prevention and repression efforts, it is certain that efforts to realize good governance will be difficult. from this phenomenon, corporations are required to manage both from the determination of responsibilities, business management, supervision to corporate financial reports that always reveal the principles of good corporate governance. Like accountability, transparency.

**Research Questions :**

How is the implementation of corporate governance revolution in Indonesia since the era of democratization

What are the factors of revolutionary movements since the era of democratization

**Research Objectives:**

To examine the implementation of corporate governance revolution in Indonesia since the era of democratization

To identify the the factors of revolutionary movements since the era of democratization

**RESEARCH METHODOLOGY**

This research is qualitative research so data collection method emphasizes the use of secondary data from IICG, KNKG and ECGI. Data sample will be collected from the year 2000 to 2016 because the first Indonesia Code of Corporate Governance was drafted in the year 2000. The years prior to 2000 will not to use because of the lack of data. IICG and KNKG will provide data about the implementation of Good Corporate Governance in Indonesia while ECGI will provide the Indonesian Code for Good Corporate Governance. All data collected from IICG, KNKG and ECGI will be read and analyzed to track the progress of corporate governance development and implementation in Indonesia from the year 2000 to 2016. In addition, the three versions of Indonesian Code of Corporate Governance from ECGI will be analyze for differences to explain the revolution or changes in Good Corporate Governance practices over the years. If there is no development of corporate governance for a certain year it will be excluded from the study. The study will use purposive sampling because the sample data collected need to be aligned with the purpose of the study which is to examine the implementation of corporate governance revolution in Indonesia since the era of democratization. The sample will be 16 years of corporate governance data from IICG, KNKG and ECGI for the year 2000 to 2016.

## LITERATURE REVIEW

Sjahrudin Rasul in paper UNDP itself provides the definition of good governance as a synergistic and constructive relationship between the private sector and society. Based on this, UNDP then proposes the characteristics of good governance as follows: 1. Participation Every citizen has a voice in decision making, either directly or through mediation of legitimacy institution that represents his interests. This initiation is built on the freedom of association and speaking and participating constructively. 2. Rule of Law, The legal framework should be fair and undertaken indiscriminately, especially the law for human rights. 3. Transparency. Transparency is built on the freedom of information flow, processes, institutions and information directly acceptable to those in need. Information should be understandable and monitorable. 4. Responsiveness. Institutions and processes should try to serve every stakeholder. 5. Consensus Orientation. Good Governance mediates different interests to get the best option for the wider interests both in terms of policies and procedures. 6. Equity. All countries, men and women, have the opportunity to improve or maintain their welfare. 7. Effectiveness and efficiency. Processes and institutions produce according to what has been outlined by using the best available resources. 8. Accountability. Decision makers in government, the private sector and civil society are responsible to the public and stakeholder institutions. This accountability depends on the organization and nature of the decision made, whether the decision is for the internal or external interest of the organization. 9. Strategic Vision. Leaders and the public should have a broad and far-sighted perspective of good governance and human development in line with what is required for this kind of development. Based on the results of a survey of Good Governance Implementation in Indonesia on the top 10 principles of good governance is known that the most dominant is the principle or principle of public interest and

public participation. While the principles of accountability, transparency and decentralization are the third and fourth choices.

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