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Implementation Of Good Corporate Governance Principles On Company Performance of PT. Vale Indonesia Tbk. Sorowako

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ABSTRACT

This study aims to determine how much influence the Implementation of Good Corporate Governance (GCG) Principles has on the performance of PT. Vale Indonesia Tbk. Sorowako. This research uses a quantitative method with an associative descriptive research type to examine the relationship between the variables systematically. Data collection techniques used include questionnaires, documentation, and direct observation to obtain accurate and comprehensive information. The population in this study consisted of 2,964 employees, and the sampling method applied was the Slovin formula, which resulted in a sample of 97 respondents. The data obtained from the research were processed using the SPSS 25 application, which consisted of validity and reliability tests, descriptive data analysis, and inferential analysis to test the research hypotheses. Based on the results of the study, it was found that: (1) the implementation of Good Corporate Governance principles is categorized as very high, and company performance also falls into the very high category. (2) The correlation coefficient is 0.875, which indicates that the relationship between the implementation of GCG principles and company performance is very strong. Furthermore, the coefficient of determination is 0.766 or 76.6%, which means that the implementation of GCG principles contributes 76.6% to company performance, assuming other factors remain constant.

Keywords: Good Corporate Governance Principles, Company Performance, PT. Vale Indonesia Tbk. Sorowako

INTRODUCTION

The history of the birth of Good Corporate Governance (GCG) emerged from the reaction of shareholders in the United States in the 1980s whose interests were threatened. At that time in America there was an extraordinary economic

turmoil in America, many companies carried out restructuring by doing everything possible to seize control of other companies. This action caused a strong protest from society or the public. Society considers that management in managing the company ignores the interests of shareholders as owners of company capital.

According to the National Committee on Governance Policy (2008) (KNKG) defines "Good Corporate Governance (GCG) is a process and structure used by companies to provide added value to the company on an ongoing basis in the long term for shareholders, while taking into account the interests of other stakeholders, based on applicable laws and norms". Where GCG is basically a system and a set of rules governing the relationship between various parties such as shareholders, the board of commissioners and the board of directors in order to achieve company goals. The implementation of GCG is very necessary to build public and international trust as an absolute requirement for the business world to develop properly and healthily. The implementation of GCG is one of the efforts to increase company value, improve financial performance, reduce risks that may be carried out by the board with decisions that benefit themselves, and in general increase investor confidence. The implementation of GCG is very necessary to build public and international trust as an absolute requirement for the business world to develop properly and healthily.

The application of the principles of good corporate governance will create effective internal incentives for company management and efficient use of resources so that it will have an impact on economic recovery both macro and micro (Kaihatu, 2006). The sustainability of the company can be maintained if the company implements a strategy that is in accordance with current conditions to improve company performance or maintain company performance that has been achieved. To find out the performance of a company, it is necessary to do an assessment or measurement. The function of performance appraisal or measurement is as a tool for management in the decision-making process, as well as to show investors and interested parties that the company has good credibility. Company performance appraisal can be measured through financial and non-financial aspects (Ariestya Ardiana, 2016).

Based on non-financial aspects refers to a performance measurement system designed by Robert S Kaplan and David P Norton which is often called the Balanced Scorecard. The specialty of the Balanced Scorecard in terms of comprehensive measurement, because it also considers performance in non-financial aspects (Niven, 2007). By using the balanced scorecard the company can survive in the long term because the Balanced Scorecard not only measures its performance from a financial perspective, but also from a non-financial perspective as well (Suripto, 2008).

According to Totok (2010) explained that "the success of a company to be able to generate profits is an achievement by management in managing the company properly and correctly". Thus, whether the company's operational activities are running or not depends on management's ability to manage the company. Currently the term Good Corporate Governance is increasingly popular, this is believed in two ways. First, GCG is one of the company's keys to grow and be profitable in the long term. Second, the world economic crisis, in Asia and Latin America, is believed to be due to the failure of GCG implementation. The inefficient management of the economy and business sector at the micro level is a fundamental weakness of the Indonesian economy. The government through the Coordinating Ministry for Economic Affairs emphasizes the importance of implementing GCG for business continuity and efforts to attract investment. In fact, the implementation of GCG in companies, especially in Indonesia, is still relatively low, so it is not surprising that companies in Indonesia generally have not been able to develop optimally in terms of quality (Willyz, 2010).

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According to (Efenddi, Arief 2009) the application of GCG is intended to improve performance or even maintain the performance that has been achieved. The fundamental benefit for companies that implement GCG is to ensure the survival of the company. The benefits of implementing GCG will actually be seen in the long run in the form of high corporate performance trends and good corporate image. The last two things mentioned will only be achieved if there is improvement in each employee who previously performed poorly or was unsatisfactory to become good or satisfactory. In fact, the implementation of GCG in companies, especially in Indonesia, is still relatively low, so it is not surprising that companies in Indonesia generally have not been able to develop optimally in terms of quality. The low awareness of companies in Indonesia in implementing

GCG can be seen in the results of the rating score below, with a note that the higher the score, the worse the implementation of Good Corporate Governance in that country:

No	Country	Score
1	Singapura	0,69
2	Hongkong	2,54
3	Jepan	1,81
4	Philipina	6,07
5	Taiwan	5,39
6	Malaysia	6,50
7	Thailand	6,51
8	Cina	7,01
9	Indonesia	9,63
10	Korea selatan	6,80
11	Viettnam	7,75

Tabel 1.1 Rating Score *Good Corporate Governance* di Asia
Sumber: PERC 2020

PT Vale has a proud history in Indonesia. Since its establishment in 1968 and operating fifty years ago, PT. Vale Indonesia Tbk Sorowako continues to strive to improve performance, transparency, accountability and responsibility in the eyes of stakeholders through the implementation of GCG. Fulfillment of GCG minimum standards not only supports the Company's efforts in achieving its Vision and Mission, but also maximizes long-term value for shareholders and provides benefits and prosperity for other stakeholders. The management of PT. Vale Indonesia Tbk. Sorowako is very aware of the importance of applying Good Corporate Governance to the quality of company performance so that it is able to work optimally and be able to compete with other private companies both nationally and globally. Based on the background of the problems above, it is interesting to examine how far the company's level of success is in implementing Good Corporate Governance. The author is interested in writing a thesis with the title: “Implementation of Good Corporate Governance Principles on PT. Vale Indonesia Tbk. Sorowako”

RESEARCH METHODS

The type of research used is associative descriptive research with a quantitative approach. This research will basically examine the hypothesis and make interpretations about the effect of the independent variable on the dependent variable. To measure this research variable, a Likert scale questionnaire is used which will be filled in by

respondents according to variable indicators. The Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2013). The population in this study were 2964 employees, while the number of employees who became the sample was 97 people. The sample selection uses the Probability Random Sampling technique. Probability random sampling is a sampling technique that allows every member of the population to have the same opportunity to become a member of the sample (Etika and Bala, 2017). Data collection techniques used in this study, namely observation, questionnaires and documentation studies. The data analysis design used in this study is a descriptive statistical analysis design and an inferential statistical analysis design.

RESEARCH RESULTS AND DISCUSSION

Data Analysis

To find out the implementation of the principles of good corporate governance on company performance, a questionnaire instrument was used as a data collection technique for the principles of good corporate governance as variable X and company performance as variable Y. Furthermore, in testing the hypothesis, quantitative tests were carried out using application assistance. SPSS which is considered relevant for data analysis which aims to find out how much influence the Implementation of Good Corporate Governance Principles has on Company Performance.

1. Descriptive Statistical Analysis

Descriptive data analysis is useful to provide a general description of the respondents' assessment of each variable. In this study statistical analysis was used to describe how much influence the Implementation of Good Corporate Governance Principles and Company Performance at PT. Vale Indonesia TBK. Sorowako, then each variable is made a frequency distribution and percentage. The variables X and Y were measured using the categories strongly agree, agree, undecided, disagree, and strongly disagree.

a. Description of Implementation of Good Corporate Governance Principles

The data presented in this study are data obtained as a score tool from the research questionnaire derived from the variable Principles of Good Corporate Governance. According to Sanim (2011) work discipline variables consist of 5 (five) indicators, namely: (1) Transparency; (2) Accountability; (3) Responsibility (Responsibility); (4) Independence; and (5) Fairness and equality (Fairness). The following is a table of score achievement levels:

Table 1
Summary of Data Analysis by Variable Indicators of Good Corporate Governance Principles

No	Indicator	n	N	%	Category
1.	Transparency	1731	1940	89,22	Very High
2.	Accountability	1704	1940	87,83	Very High
3.	Responsibility	1754	1940	90,41	Very High
4.	Independency	1717	1940	88,50	Very High
5.	Fairness	1665	1940	85,82	Very High
	Jumlah	8571	9700	88,36	Very High

Source: Results of data processing, 2022

Furthermore, the five indicators of Good Corporate Governance Principles will be described as follows:

1) ***Transparency***
Based on the table of results of the respondent's achievement level data on the Transparency sub-indicator, a percentage of 89.22% is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Most of Sorowako agrees that the company's Transparency indicator has been well implemented, in this case to maintain objectivity in conducting business the company must provide relevant information and materials in a way that is easily accessible and understood by stakeholders.

2) ***Accountability***
Based on the table of results of data on the level of achievement of respondents in the Accountability sub-indicator, a percentage of 87.83% is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Most of Sorowako agrees that Accountability indicators in companies must be able to account for their performance in a transparent and fair manner. In this case PT. Vale Indonesia Tbk. Sorowako has managed transparency properly, measurably and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders.

3) ***Responsibility***
Based on the table of results of data on the level of achievement of respondents in the sub-indicator of Responsibility, a percentage of 90.41% is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Sorowako mostly agrees that the company has complied with laws and regulations and carried out responsibilities towards society and the environment so that long-term business continuity can be maintained and recognition as a good corporate citizen.

4) Independency

Based on the table of results of data on the level of achievement of respondents on the sub-independence indicator, a percentage of 88.50% is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Most of Sorowako agrees that the company has been right in implementing the principles of GCG, ideally the company should be managed independently so that each organ of the company does not dominate the other and cannot be intervened by other parties.

5) Fairness

Based on the results table, the respondent's achievement level in the Fairness and Fairness sub-indicator obtained a percentage of 85.82% which is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Sorowako mostly agrees that in carrying out its activities, the company always pays attention to the interests of shareholders and other stakeholders based on the principles of fairness and equality.

b. Company Performance Description

The data presented in this study are data obtained as a score tool from the research questionnaire derived from company performance variables. According to Burney & Nancy (2010) company performance variables consist of 3 (three) indicators, namely: (1) financial aspects; (2) Internal business aspects; and (3) learning and growth aspects. The following is a table of score achievement levels:

Tabel 2

Rangkuman Analisis Data Per Indikator Variabel Kinerja Perusahaan

No	Indicator	n	N	%	Category
1.	Financial aspect	1237	1455	85,01	Very High
2.	Internal Business Aspect	1258	1455	86,46	Very High
3.	Aspects of Learning and Growth	1260	1455	86,59	Very High
	Jumlah	3755	4365	88,36	Very High

Source: Results of data processing, 2022

Furthermore, the three company performance indicators will be described as follows:

1) Financial aspect

Based on the results table of the respondent's achievement level data on the Financial Aspects sub-indicator, a percentage of 85.01% is in the very high

category. This means that employees of PT. Vale Indonesia Tbk. Sorowako mostly agrees that there is a good Balanced Scorecard on financial performance which is a benchmark for companies seeking profit, so that a balance is created from multiple performance benchmarks, both financial and non-financial, to direct the company's performance towards success.

2) Internal Business Aspect

Based on the results table, the respondent's achievement level data on the Internal Business Aspects sub-indicator obtained a percentage of 86.46% which is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Sorowako mostly agrees that employees are the best source of new ideas for better business processes.

3) Aspects of Learning and Growth

Based on the results table, the respondent's achievement level data on the Learning and Growth Aspects sub-indicator obtained a percentage of 86.59% which is in the very high category. This means that employees of PT. Vale Indonesia Tbk. Sorowako mostly agrees that the key benchmarks for assessing manager performance are employee satisfaction, employee retention, and employee productivity. Employee satisfaction recognizes that employee morale is important for improving productivity, quality, customer satisfaction, and situational responsiveness

Discussion

1. Implementation of Good Corporate Governance Principles

The discussion of the indicators above resulted in a total percentage of the implementation of the principles of good corporate governance as a whole, namely 88.36%, which was included in the very high category, where these results can describe the implementation of the principles of good corporate governance very well in PT. Vale Indonesia Tbk. Sorowako. The results of the descriptive analysis above also show that Responsibility is the indicator with the highest score among the other four indicators, namely Transparency, Accountability, Independence and Fairness. This means that the principles of Good Corporate Governance play a very important role as structures, systems and processes used by companies to provide added value to sustainable companies in the long term. This is in line with the opinion of Jojok (2010) that if the principles of Good Corporate Governance are optimal, it will trigger employee motivation and job satisfaction which is also expected to increase. This increase in the next stage will certainly be able to increase productivity and a sense of belonging to the company. increases so that the positive image of the company will rise.

2. Company performance

The discussion of the indicators above resulted in a total percentage of the company's performance as a whole, namely 88.36% which was included in the very high category where these results can describe the company's performance PT. Vale Indonesia Tbk. Sorowako is very high in complex and difficult management decision-making processes, because it involves the effectiveness of capital utilization, efficiency and profitability of company activities. Company performance is the result of implementing company policies (Sudiyatno, 2010). This is in line with the opinion of Burney and Nancy (2010) which states that, "there is a positive relationship between the job satisfaction of a decision maker (manager) on the company strategy implemented".

3. Implementation of Good Corporate Governance Principles on Company Performance

Based on the results of the correlation test between the Implementation of Good Corporate Governance Principles on Company Performance PT. Vale Indonesia Tbk. Sorowako obtained a Pearson correlation of 0.875 which is in the interval 0.80-0.1000 meaning that the Implementation of Good Corporate Governance Principles has a very high significant relationship to Company Performance. And to measure the percentage of influence exerted, a coefficient of determination test was carried out, in this test an R squre of 0.766 was obtained, which means that the magnitude of the implementation of the principles of good corporate governance discordant to the company performance of PT. Vale Indonesia Tbk. Sorowako is 76.6% while the remaining 24.4% is influenced by other factors that have not been studied in this study. The results of this study are consistent with the research of Wawondis & Mustamu (2014) which produced "A thorough analysis using qualitative methods: transparency, accountability, responsibility, independence, efficiency, thorough analysis using the analytic hierarchy process (AHP) method, triangulation tests and managerial implications. So that the principles of Good Corporate Governance have a direct relationship with Company Performance and have a contribution to Company Performance.

CONCLUSION

Based on the discussion and elaboration of the results of the research that has been carried out and seeing the objectives of this research, it can be concluded that: 1) The principles of Good Corporate Governance at PT. Vale Indonesia Tbk. Sorowako has a very high percentage interpretation, which comes from descriptive analysis. These results were obtained based on the assessment of the five indicators including Transparency, Accountability, Responsibility, Independence and Fairness. 2) Company Performance at PT. Vale Indonesia Tbk. Sorowako has a very high category interpretation of the percentage. These results were obtained based on the assessment of the three indicators including the Financial Aspect, Internal Business Aspect, and Learning and Growth Aspect. And 3) The results of the study show that the implementation of the principles of good corporate governance has a significant effect

on the performance of PT. Vale Indonesia Tbk. Sorowako, this is proven from the results of the correlation test between the two variables which produce correlations that are at very high intervals. Furthermore, in the test of the coefficient of determination it is known that the influence exerted by the Principles of Good Corporate Governance on Company Performance is in the very high category and at the same time H1 is accepted.

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