

THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AT PT. MEARES SOPUTAN MINING

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ABSTRACT

Along with the complexity that getting highest and the pressure of the competition that faced by the company, the Corporate Governance become one of the important topic that discuss in global business. Many of corporate scandal become one issue that attract the attention of the international community to give more concern in Corporate Governance. The research objective of this research is to examine the implementation of Good Corporate Governance at PT MSM as the international mining company. Theory related research is good corporate governance. The population is employees at PT. Meares Soputan Mining with sample of 8 informants who know about the implementation of good corporate governance in PT. Meares Soputan Mining. Researcher used qualitative methods to explain the result of research. Result and conclusion is PT. Meares Soputan Mining already implementing the five principals of good corporate governance that are transparency, accountability, responsibility, independency, and fairness in every section in their company. But the company still need the improvement especially in the responsibility and independency, to make the good corporate governance in company more effective and efficient so the company can reduce the problem and reach the goal of company.

Keywords: *good corporate governance*

INTRODUCTION

Research Background

Nowadays, globalization already impact all sections of human life. One of the big impact of the globalization is in economy section. Every people and company feel the complexity in run a business that getting hard, and also the competition getting tight day by day. Many of the people and company can not survive from this condition. Financial crisis also make this condition getting worse, it makes many of the company collapse and people start to think to save themselves although such actions violated the company regulation. As we can see, now there is many of scandal that happened in the company because of the lack coordination and governance in the company.

The complexity that getting highest and the pressure of the competition that faced by the company make the Corporate Governance become one of the important topic that discuss in global business. Many of corporate scandal become one issue that attract the attention of the international community to give more concern in Corporate Governance. Many of corporate scandal that still happened in the company, proved that the company can not manage all the regulatory and directed their company to reach their goals. The problem that sometimes happened in the company are the organ of the company can not do their job, function, and their responsibility as well as company expectation. It means that company can not optimize the Corporate Governance or still did not applied a Good Corporate Governance in their company.

Armstrong and Francis (2008) explained one example of the corporate scandal that happened in HIH. HIH was the second largest insurance company in Australia. The Commission try to made a research to found the caused of the problem in HIH and they found some factors that are: poor business decisions, hailstroms in Sydney, the acquisition of FAI insurance, failure of the auditors, failure of the actual financial outcomes to be reflected in the financial statements, failure of the regulators, and the failure of the board to perform their duties.

Corporate Governance consists of two words, that is “corporate” and “governance”. The word “corporate” is an adjective that means “all the activities that related with corporation or company”. Word “governance” is a noun that means “management” (Warsono et al,2009:2). People heard about good corporate governance as the implementation of corporate governance. The company or corporate that can implementing the corporate governance, it means all the function, structure, activity in the company directed and controlled in right way can said as the company that have good corporate governance. In the research of corporate governance by Ilyas and Rafiq (2012) there is one more developing inspection reports that transparency, independence, accountability, discipline, fairness and social responsibility are major principles in good corporate governance.

Corporate governance especially good corporate governance being an issue that get attention from global economics. There are so many country and institution that support the implementation of good corporate governance. In international, there is Organization for Economic Cooperation and Development (OECD) that established by many country in the world and already published the guidance for corporate governance principles.

There is an effort to support and develop an implementation of corporate governance in the company in Indonesia. Based on Surat Keputusan Menteri Negara BUMN No. 117/2002 the government ask BUMN to implementing corporate governance based on the applicable provisions. Moreover, in 2006 KNKG (Komite Nasional Kebijakan Governance) that is the institution that made by government and published “Pedoman Umum Good Corporate Governance Indonesia” that have purpose to encourage a healthy business climate in Indonesia and became part of the enforcement of good governance which is being implemented by the government”.(Boediono as Menteri Koordinator Bidang Perekonomian Republik Indonesia in KNKG 2006: I). Some institution and professional association there are Forum for Corporate Governance in Indonesia (FCGI), also as an active participant in develop corporate governance in Indonesia (Warsono et al,2009:24).

PT Meares Soputan Mining (PT MSM) is one of international company that is a limited liability corporation in Indonesia, created in order to foreign capital investment. The goal, unlock gold mining in the area of Toka Tindung. As an international company, is very important for PT MSM to implementing good corporate governance. PT MSM sometimes facing some problem like demonstration and conflict of interest that happened in the company. The example of problem that faced by PT. MSM is that the problem of demonstration that did by the society around the mining, because of PT MSM accused the promises to build some facilities and solve the problem about the labor. Because lack of coordination that happened in the management that caused the delayed in solving this problem. If PT MSM can implementing good corporate governance, it means they can prevent all the issued that happened in the society and maintain the good reputation of the company.

Research Objectives

The research objective of this research is to examine the implementation of Good Corporate Governance at PT MSM as the international mining company.

THEORETICAL FRAMEWORK

Good Corporate Governance

Nowadays good corporate governance becomes important, like explained by Huse (2005) that research on corporate governance is now taking various directions, and new streams of boards and governance research are evolving. The other reason that describe about the important of good corporate governance, explained by Johnson et al. (1999) that corporate governance can be of first order importance for determining the extent of macroeconomic problems in crisis situations. Jesover and Kirkpatrick (1998) said that good corporate governance requires that the board, whatever its structure, focus on long-term issues, such as assessing corporate strategy, and activities that might involve a change in the nature and direction of the company, rather than taking on day-to-day operational responsibilities. Bringham and Houston (2010:14) explained about corporate governance is defined as a set of rules and procedures that ensure managers to apply the principles of value-based management. Therefore, companies must have strong governance Integration.

Principles of Good Corporate Governance

The OECD (Organization for Economic Cooperation and Development) compiled governing principles of good corporate governance, including: such as Transparency, Accountability, Responsibility, and Fairness Independency (Show) as well as the following (Komite Nasional Kebijakan Governance,2006:5): (1) Transparency. Openness in expressing material and relevant information and transparency in the decision making process; (2) Accountability. A clarity of function, structure, systems, and accountability so that its organs are effective enterprise management; (3) Responsibility. The existence of conformity (compliance) in the management of the firm to the principles of healthy corporate and applicable legislation; (4) Independency. Company management in a professional manner without any influence / pressure from any party; and (5) Fairness. Justice and equality in fulfilling the rights of stakeholders arising under the agreement and applicable legislation. This principle emphasizes that all stakeholders, including minority and foreign shareholders should be treated the same or equivalent.

Previous Researches

Illyas and Rafiq (2012) suggested that discipline, social awareness, accountability, fairness and responsibility have significant effect on organizational success, however, effect of discipline and social awareness is higher than accountability, fairness and responsibility. John and Senbet (1998) focused on the internal corporate governance mechanisms (the company's board of directors) and their role in addressing a variety of class agency problems arising from conflicts of interest between managers and equity holders, equity holders and creditors, and contributors of capital and other corporate stakeholders. Young et al. (2008) reviewed and synthesized recent research on strategy, finance, and economics at the conflict points with an emphasis on institutional factors and organizational consequences. The resulting integration provides the foundation upon which future research can continue to build.

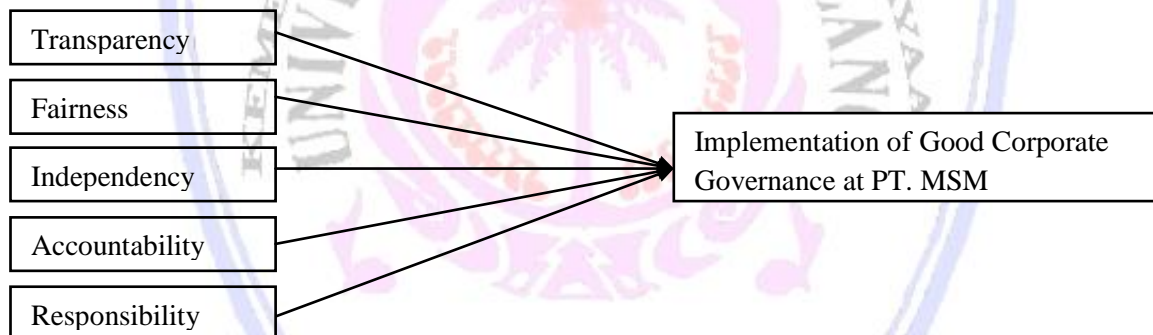


Figure 1. Conceptual Framework

RESEARCH METHOD

Type of Research

This research uses qualitative research methods that will describe and investigate the phenomenon that happened related with the title and purposes of the research that is the Implementing of Good Corporate Governance at PT MSM as the international mining company.

Place and Time of Research

This research object is PT MSM as the international mining company Manado located at JL. Raya Manado-Bitung, Kalawat district. The research is conducted from May until July 2013

Population and Sample

The population for this research are the employees at PT. Meares Soputan Mining. The employees at office in Manado are around 18 peoples. The method of selective and purposeful sampling by Schatzman and Strauss (1973) in Coyne (1997) choosed the people those know about the aims of the research. In this research, sample in this study is the informants who know about the implementation of good corporate governance in PT. Meares Soputan Mining as the mining company at Manado.

Data Collection Method

This research used several methods to collect data, the data include the primary data and secondary data. Primary data is the information that comes directly from the parties or informant that related with the research. To collect the primary data methods are: (1) Interview to get the data, the researcher did the interview with some informant. With this method the researcher collecting the information and opinion regarding of this research matter; (2) Observation to get some data and have direct experience to see activities in the company; and (3) Focus Group Discussion to discuss about implementation of good corporate governance, to see the differences of opinion and solve the problem related with the issues. Secondary data is collecting some existing data that related with the concept of Good Corporate Governance. The data is from some of resources such as journals, books, relevant literature from library, internet, etc.

Operational Definition of Research Variables

There are five pillars of good corporate governance that are Transparency, Fairness, Independency, Accountability and Responsibility.

1. Transparency is openness and willingness to do the activity and report all the data which are truthful and accurate.
2. Fairness is about kind of equality or fair treatment in fulfilling the rights and obligations of the stakeholders arising under the rules of the company and the rules of law.
3. Independence is about how the company it self can running without any pressure and interference from any parties.
4. Accountability is clarity of function, structure, and accountability systems within the company, so the management of the company can be run effectively and efficiently.
5. Responsibility is realize that there are parts of the company that had an impact on the environment and society in generally.

Data Analysis Method

Validity and Reability Test

Validity and reability in qualitative research is important to proves that all the result that explain and discuss in this research is true and has a credibility. This research using Triangulation trough establishing the validity and reability. Guion et al (2011) explained triangulation is a method used by qualitative researchers to check and establish validity in their studies by analyzing a research question from multiple perspectives. Lincoln and Guba (1985) in Joniak (2005) , the validity and reability of a qualitative research depend on the trust will:

1. Credibility. The activities that will increase the probability that creadible findings will be produced. The researcher used the triangulation to maximizing the validity in collection data process. Researcher choosed Methodological Triangulation as the type of triangulation that used in this research.
2. Transferability. External validity that provide the consistency and accurate data for the future researcher and can be implementing in every different condition.
3. Dependability. The inquiry audit process by the auditor that examines all the process when doing the research.
4. Confirmability. The process that also achieved through the use of audit trails, but confirmability audit the product of the result, in this case is result of the research.

Descriptive Method

This research used a Description analysis tool to analyze the Implementing of Good Corporate Governance at PT MSM as the international mining company. In descriptive analysis, the data will organize through interviews with the help of tools like recorders and other stationery. After that, the data will transcript from the recorded data to written data. The next step is data reduction, where the researcher will do the selection of data and make the classification which data is not significant and which data that are significant to support this research. The selected data can be processes to the next step in the presentation of the data and then taken the withdrawal of conclusion.

RESULT AND DISCUSSION

Good Corporate Governance at PT. Meares Sopotan Mining

PT. Meares Sopotan Mining is the one of international gold mining company in North Sulawesi. as one of big company, PT MSM has some of shareholders and also stakeholders. To maintain the good works, prevent the corporate scandal, and to reach the goal of company, PT MSM on process to implementing the good corporate governance. Interview with Mr. Terkelin Purba as President Director of PT MSM explained that good corporate governance is about maintain the balances between rights and responsibility of BoD (Board of Director) with shareholders and BoC (Board of Commissioner). Good corporate governance also mainly about accountability and transparency in the company. Good corporate governance it self already implementing at PT. MSM since the company has build and keep doing the improvement until now. As the company that the Kontrak Karya from the government, the implementation for PT. MSM is so important.

The interview with President Director explained that the good corporate governance effectively implemented since 2009. The purpose of good corporate governance at PT. MSM is to add value for the company, employee, shareholders and stakeholders. The other reason make the good corporate governance being important to implement explained in Ilyas and Rafiq (2012), "it carry on all the activities which ensures that all the actions which are done in corporate are according to extreme prevailing principles of ethics and it is best way to protect and encourage the interest of all stakeholders this is based on efficacy assumptions."

PT. MSM have some mechanism in implementing the good corporate governance. The result of interview with Mr. Terkelin Purba as President Director of PT. MSM: "mechanism of good corporate governance at PT. MSM is there are a committees like BoC (Board of Commissioner) that control the BoD (Board of Director). The other committee are audit committee and remuneration committee that control the executive of company so they can work based on SOP (Standard Operating Procedure)." The result of interview is, PT. MSM already had a good and clear mechanism of good corporate governance. The company had the board of executive that doing their job and controlling the system in the company based on the rules that applied at PT. MSM. According to John and Senbet (1998), corporate governance in the context of control mechanisms is designed for efficient operation of a corporation on behalf of its stakeholders.

Interview with shareholder and some of the employees of PT. MSM come to the result that there is no specific tools to analyze and measure the good corporate governance at this company. But they have some tools that support the measurement of good corporate governance like KPI (Key Performance Index) that measure the performance of the company. From KPI the company can know if the company already do their business activities effectively and efficiently. If the result is bad, it means there are something wrong in the company. The company must do the evaluation and then the improvement to keep the result of KPI is good. The other tools is ISO that can analyze the implementation of good corporate governance from the principal of responsibility.

The peoples in the company and all the parties that related must participating to support good corporate governance. But, it is better if the company have special division that take care about good corporate governance in their company. But now, there still rare to found the company that have special division to take care about this problem. The interview result explained that PT. MSM also still did not had their own division that can take responsibility for good corporate governance practices. The people that take responsibility is director, manager, and all the shareholder. Although there is no special division to handle about good corporate governance, but if all the people that take responsibility can do their function well, the company can implement good corporate governance. So the successful of the good corporate governance in one company, also depends on the people that take responsibility of that. Ilyas and Rafiq (2012) the boards of directors are responsible for the governance of their companies. In the way to implementing good corporate governance, there must be the obstacles and advantages. At PT.MSM, the obstacle comes from the internal and external factors. From the internal factors, are about human resouces of some employees and conflict of interest. Each people in the company, although it is board of director, shareholders, and employee have different interest in the company. This differences can create a conflict of interest, that can impact the corporate governance in company. The external factors are from the society and government. The society around the mining that never satisfied with all the facilities that give by the company and also the government that always want to intervention the activity and

the rules in the company. It becomes a challenge for the company to take all the differences to become one vision and mission to reach a company goals. In the other hand, the good corporate governance bring many advantages for the company. It can control all the systems, functions, and structure in company, so all the activity in company can be more efficient and effective to reach the goal of company.

Every company have vision and mission and can help the company to direct their goal. Without good corporate governance, the company will faces so many problems that can being an obstacles for the company to reach their goals. The result of interview with Mr. Terkelin Purba as President Director of PT. MSM about the implementation of good corporate governance related with vision and mission of the company which is follows: "In general, good corporate governance at PT. MSM already fulfilled the vision and mission of the company that is based on the principal to add value for shareholders, but we still need the improvement."

The result of interview proved that PT. MSM already implementing the good corporate governance although there are some problem that they must fixed so the company can running well. They must make sure that all the activities and system in the company are effectively and efficient. In generally, the purpose of implementing good corporate governance, like explained in Johnson et al (1999) is to maximize value of company shares, although is shareholders and stakeholders. It is matched with the principle that implemented by PT. MSM that is add value to shareholders.

Implementing of Good Corporate Governance

The five pillars that must be apply by the company in implementing good corporate governance, so all the activity, structure, and function in the company can running well. The five pillars are transparency, accountability, responsibility, independency, and fairness. Company also can feel the advantages of good corporate governance on the way to reach their goals.

Transparency

The first pillar or principal of implementing good corporate governance is transparency. Based on the result of the interview of some peoples that work at PT. MSM, generally the implementation of transparency in company is good, because all the activity in PT. MSM always run based on the regulatory that apply at the company, and report all the data which are truthful and accurate.

The reason PT. MSM already implementing transparency in the company can explained by the interview with Mr. Terkelin Purba as President Director of PT. MSM: "PT. MSM already applied the principal of transparency, we can see in the approval process that did not focus only on one person but it follow the procedure from the bottom management until the top management. The example is if the company want to give a report to ministry of ESDM (Energi Sumber Daya Mineral), there is a pattern signature from the general manager until the president director based on SOP. So there is no activity and problem that hiding in PT. MSM. This company also used auditor to audit the activity in the company." The reason about how important to implementing this principal also explained by Ilyas and Rafiq (2012) they say that transparency is extremely important to a good corporate governance because can increase the confidence of shareholders to the firm.

PT. MSM use the auditor from internal and external to ensure the transparency in the company. The interview with Mr. Billy Merung as Senior Administration Officer/Secretary of PT. MSM, said that although this company have the both of them, but they still prefer to external auditor. In general, PT. MSM used three type of audit committee there are HR auditor, finance auditor, and environment auditor. From the internal, the company choose some peoples that believed to handle this job. The company give the training for that peoples, so they can be competent to do the audit. And from the external, PT. MSM using the popular and competent auditor services like Ernst & Young (EY), Susi Suryani (SSA), and Price Waterhouse Cooper (PWC). The quality of auditor is so important so all the audit activities can run well and transparent. The audit doing in November and December and the audit report

Komite Nasional Kebijakan Governance (2006:5), the policy of company, must be written and communicate in a proportional way to all the shareholders. So, the other way to implement transparency in the company, is make a meeting that can discuss all of important things related to the company. In communicate all the policy and decision in the company so all the information can spread to all the parties effectively, PT. MSM made a meeting between director, managers, and shareholders.

The interview did to Mr. Billy Merung as Senior Administration Officer/Secretary of PT. MSM to get more information: "PT. MSM doing the meeting every year to make the budgeting and job planning, the result will bring to the government, if the plan accepted so all the result can be the basic for the company and once in each six month there is a BoD and BoC meeting. About the operational, there is an evaluation each week."

The transparency in the meeting also become an important things. There must be a notulen that can write all the process and result of the meeting. At PT. MSM, all the result of the meeting will be written by the notulen and the report will be send by corporate secretary to BoC on time. In the point of the General Guidance of Komite Nasional Kebijakan Governance (2006:5) explained one of information that must be released is financial report. The company must do the transparency in the financial report to reduce the corruption or corporate scandal that maybe happened because of the violate in the financial system. The financial report of PT. MSM made in monthly, quarterly, semesterly, and annually but did not published in the website of company. Every year the company reporting the annual report that did every 31 March that including the independent consultant so the result is not subjective. The publication of financial report did by head of company that is Archipelago Resources, because only the head company that listed at stock exchange.

The company will get the obstacle and advantages in implementing transparency. Interview with Mr. Hery Rumondor as Superintendent Public Relation PT. MSM, explained the advantages and the obstacle of implementing transparency: "The advantages is the information can easily to get and better to get directly from the first hand, so can give the positive impact to the growth of the company, although is from value of shares or in the way to reach the target. In the other hand there is an obstacle like all the people feels they have the rights to give information to the public, although the company have a clear policy that prevent that problem. Only the parties that choosed by the management that have a rights to give the information to public, so the information will consistent and clear."

Accountability

The second pillar of good corporate governance is accountability. Accountability as a guide that give values to the relationship between owners, managers, employees, and other stakeholders. The meaning of accountability according to Komite Nasional Kebijakan Governance (2006:5) is if the company can take responsibility for transparency and fairness of their work. Based on the result of interview at PT. MSM, generally this company already implementing the principal of accountability, because all the structures and activities can be measure and can take responsibility to the shareholders, government, society, and the other stakeholders.

The result of interview with Mr. Terkelin Purba as President Director of PT. MSM about the implementation of accountability at PT. MSM: "Principle of accountability at PT. MSM is about to obey the rules of the mining company, like a system of safety, tax, mining process, human resources." To control all the system of the company and to solve the problem, the company must have a tools that can support the implementation of rules or law in the company. To handle the external problem that related with the law, PT. MSM it self did not have a special effective control institute that handle the implementation of law, but this problem can solve by one division that called legal division.

The interview with Mr. Fuji Halim as Senior Legal Officer of PT. MSM explained about legal division: "Our Internal department made a legal division, so the legal division can support the law. The legal department take a responsibility if there is a problem that related with the law, like the problem about contract, aquisition of land, etc." Although PT. MSM did not hove a special division, but the company using Perjanjian Kerja Bersama (PKB) as a rules basic for all the employees. The employee must obey all the rules in the book of PKB. The purposes is to make sure all the activity, structure and function can be control by the company. It is also matched with the point of implementing the principle of accountability in Komite Nasional Kebijakan Governance (2006:6) that the company have to make sure there is an effective internal control system in the process of running the company.

The tools that can support the good corporate governance is a job description that compiled by the company. Every department have a job description, the department such as commercial, mining, processing, safety, environment, external department have their own job description. This also matched with another point about accountability in Komite Nasional Kebijakan Governance (2006:6) that explained the company must made the job description of all the employees clearly and appropriate the goal of the company, also make sure

that all the employees have a skill that matched with their job description to reach a good corporate governance. This way also can keep the performance of employee can fulfill the expectation of the company, like stated in Huse (2005), creating accountability is about aligning actual board task performance to board role expectations.”

Interview with Mr. Billy Merung as a corporate secretary explained that in 2012 PT. MSM already reach the target and there is no accident in the work. To measure the reach of company, PT. MSM using Performance Appraisal and Key Performance Index (KPI). The performance of the company will be measured every three month in each department and if it is matched or reach a good index in KPI, the employee can get the bonuses. But if the employee did not obey the rules, the company will give the punishment. First, the company will give the warning and if there is no respond so the company will give the punishment like suspension or fire the employee. This reward and punishment system also give the contribution for the principal of accountability.

The implementation of accountability at PT. MSM have an advantages and also the obstacles. The advantages is the sytem and the target of wok can be measured and can reach the goal of the company. But the obstacle that faces by PT. MSM is the personality attitude. So this company must do the control and give an extra attention for the code of conduct in the company. Ilyas and Rafiq (2012), good economic and political governance can result of good economic outputs, and for the business prosperity, good corporate governance is significant which can be assured by accountability.

Responsibility

The third pillar of good corporate governance is responsibility. Thinking about principal of responsibility, the company must apply not only in the internal, but also external. The principal of responsibility according to Komite Nasional Kebijakan Governance (2006:6), the company must obey the laws and take the responsibility to the society and environment so can create a balancing in the work and in the long term can get a recognition as good corporate citizen.

PT MSM as international mining company always give an extra attention to the things that related to the responsibility, especially this company run in the mining section. Mining section have so many industrial process that include the environment. This industrial process can give the negative impact such as damage in the environment as the impact of exploitation, the natural resources also can be exhausted. The damage of the environment can impact the life of society that live around the mining. Overall the implementation of responsibility in the company, is already good. The result of interview with Mr. Terkelin Purba as President Director PT. MSM, which as follows: “PT. MSM take the responsibility to the three main components, that are responsibility to the employee, shareholder, and external of the company.”

PT. MSM also realize that environment and society is the main factors that also decide the future of the company. The company also proved that they always obey and take responsibility to the laws of government that suggest the implementation of Corporate Social Responsibility (CSR), the laws that support the implementation of responsibility to the environment and society are Article 74 of Law No. 40/2007, of a limited liability company, article 15 of Act No.25/2007, about investing, and Act No. 4/2009, about Minerals & Coal. PT. MSM proved that their not just seek for the profit, but also take a responsibility to the environment and society.

The result of interview with Mr Victor Malonda as Manager Government and Permitting PT. MSM about corporate social responsibility in the company: “Company already implementing CSR since 1996 and always get an improvement. To implementing corporate social responsibility, company made CSR and community department. Company made the society around the mining as the first priority and reduce the negative impact to the environment also making a relationship with all the society.”

Triple bottom line that are profit, people, and plant becomes their basic to do the CSR program. That things also describe from the interview with Mr. Johanis Untung as Community Development Staff: “CSR is the responsibility that comes from the feeling that realize that the responsibility of company not only for the profit but also the responsibility to the people/society and environment. As the implementation, company made a systematic and strategic program to the society around the project to prepare with the sources as the actor of society development that always improve day by day.”

AMDAL explained that there are 11 village that being responsibility of the company. The CSR program that running by the company divided by three target, they are: Community Relations program (religion, health,

education, culture, sport, women & child, social/economic, government, environment, socialization/publication), Community Services program include the infrastructure activities (sanitation of environment and clean water, general facility), Community Business Development program. (soft loans, entrepreneurs training, mentoring and direct assistance)

Department that handle about the CSR are CSR department that headed by Community Manager with the relation with Supervisor and Secretary/Clerk. And there is also Community department that handle about community development, headed by the Director of External Relation. All of the implementation doing by PT. MSM is matched with the point that explained in Komite Nasional Kebijakan Governance (2006:6) about principal of responsibility that is the company must obey the government and company laws also must doing the social responsibility to the society and environment around the project with a valuable strategy.

The program that held by PT. MSM always get an improvement until now. Although there is still the weakness that happened in running the program, but generally the company already successful to implementing their program. The result of interview with Mr. Johanis Untung as Community Development Staff PT. MSM: "Program for Community Relation and Community Service already fulfill the expectation of the company, but the program of Community Business Development still need an extra attention because related with the return of the loans to the business community." The other problem is the misscommunication between company and society, the real examples like the demonstration that happened to PT. MSM. Othman and Rahman (2009), businesses have responsibility towards the society, therefore answerable to the society." So, to prevent that obstacle PT. MSM try to build a two direct communication with all the parties that related with this problem.

Independency

The fourth principal of the good corporate governance is independency. According to Armstrong and Francis (2008) One of the issues that appear in the implementation of good corporate governance is the need of independent director. It proves that independency becomes one of the pillars that is important in good corporate governance. The result of interview with Mr. Terkelin Purba as President Director PT. MSM about the implementation of independency in the company: "Until now, PT. MSM already implementing the principle of independency because our company free from the intervention of another parties especially in the result of RUPS (Rapat Umum Pemegang Saham)." That situation is matched with the statement that explained in the Komite Nasional Kebijakan Governance (2006:6), to keep a good implementation of good corporate governance, the company must be running independently so each of the parties in the company did not dominate and get an intervention from another parties.

PT. MSM adopting the independency in their decision making. It proved with the election system of the executive in the company. The decision is pure from the result of RUPS (Rapat Umum Pemegang Saham). The independency also implemented in the election of KAP (Kantor Akuntan Publik), the result is pure from the management and based on standard.

Armstrong and Francis (2008) explained that in the decision making, people must have a good faith and thinking the best interest for the company with not thinking about the interest of them self. At PT. MSM there are still happened the conflict of interest. The interview also did with Mrs. Donna Keles as Public Relation Officer related with the problem: "Conflict of interest that happened in PT. MSM is between the society and the demand that did not appropriate with the budget of company. There is also conflict of interest between management and employee in some department about the wages. But the company always try to solve this problem, and the department must solve the problem based on their responsibility with make a negotiation so all the things will be clear." The other problem is there are the intervention from the other parties that did not appropriate with the principal in the company. That problem also explained in the interview with Mr. Terkelin Purba as President Director of PT. MSM: "So many intervention from other parties, such as from the government and society. The examples is the company want the efficiency and low cost, but sometimes there is the parties that want to take advantages and make the issues to intervention the company."

PT. MSM realize the importance of independency to reduce the intervention that not appropriate with the principal of company and conflict of interest. One point in Komite Nasional Kebijakan Governance (2006:6) said that each organ of company must do their function and task based on the budget and laws, did not dominate and shifting the responsibility one to another. PT. MSM try to solve the problem through the department that

have a responsibility but if still did not work, the company will make a discussion or negotiation to clarify and search the best solution for the problem. The company also use the control from the audit if all the activities matched with SOP and decision making must be the person that have a responsibility to handle the problem. Beside the rules, PT. MSM will receive not the intervention but the advice from the other parties to keep all the things can fulfill the needs and wants of the society and government. The advantages of independency also explain based on John and Senbet (1998), more recently, there is limited attention to endogenizing board composition and independence, with the ultimate goal of rationalizing the current governance practice as an optimal solution.

Fairness

The fifth principal of good corporate governance is fairness. In implementing good corporate governance, fairness is very important. Fairness become one of the parameter to make sure that all the activity running well and all the shareholders also stakeholders can get their rights. Based on Komite Nasional Kebijakan Governance (2006:7) fairness is when do their activity, the company must give an attention the interest of shareholders and the other stakeholders based on the principle of fairness and equibility.

PT. MSM is one of the company that always do the fairness in guarantee all the rights of shareholders and stakeholders. The result of interview with Mr. Terkelin Purba as President Director PT. MSM about fairness: "Of course PT. MSM already implementing the principal of fairness, because all the shareholders get the same and equal information. The minority shareholders also did not have to be worried about their rights, because the company guarantee that minority shareholders can get their rights based on the regulatory."

PT. MSM try their best to do good corporate governance and used the service of public accountant to guarantee that all the interest of shareholders can be protected. Jesover and Kirkpatrick (1998) the OECD (Organization for Economic Co-operation and Development) explained one of the principle of good corporate governance that is the corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. That situation is matched with the implementation of fairness that applicate by PT. MSM. Not only in guarantee the right of minority shareholders, the implementation of fairness also can see in the process of election the board of direction and commissioner. PT. MSM make the fairness as the priority so the result of the election based on the result of RUPS. The company try to reduce the conflict of interest that can be the obstacle in the decision making.

The way to deliver the information becomes an important things in the company. If the information did not deliver in the right way and the people that related with the business get a wrong information or late to receive the information, it will caused misunderstanding and become a problem. The result of interview with Mr. Billy Merung as Senior Administration Officer/Secretary PT. MSM about the system of deliver information to the shareholders in PT. MSM: "Shareholders must get the material information based on the schedule and on time, the information report by BoD because BoD is the representation of shareholders. BoC is the controller and have a rights to suspended the Director for a while if there is the violation."

PT. MSM also give an opportunity for the shareholders to receive and check the financial report to make sure the openness and fairness in the company financial report. The explanation is describe on the interview with Mr. Terkelin Purba as President Director of PT. MSM: "Shareholders have an opportunity to check the financial report, but not directly. The check through the financial statement and audit report. We did that things every year, and the last time we did that last year."

The fairness and equibility in fulfill the rights of stakeholders at PT. MSM is based from government domain that is UUD Perseroan 2010 and from the company it self that is the company regulation. This company always obey the rules from government and the company regulation, and if there is a violation that did by the internal person in the company, PT. MSM will give a punishment. The interview with Mr Jacky Sumampow as Senior Government Relation PT. MSM about the regulation in company: "There is the punishment that will give to the person that did the violation, the punishment based on the PKB (Perjanjian Kerja Bersama) that make by SPSI (serikat Pekerja Seluruh Indonesia) and also UUD No. 13 tahun 2003 that explained if there is the violation that happened in the company, the company have a rights to fired that person as a regulation in company. The company will give the warning, if there is still a problem the company will fired the person."

The obstacle in implementing the principal of fairness is the attitude of each person. If they prefer to follow their own interest that different with the company regulation, it may caused the loss for company. So it is very important to implementing the fairness, company will get the advantages like increasing in the trust of shareholders, stakeholders, and society to the company. The fairness also will guarantee the wealth and successful in financial of company.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions of this research are: (1) PT. MSM is the company that implementing good corporate governance. It is because they realize that good corporate governance is an important things in the business globally. As the company that related to many parties, it is important to keep a good image, so PT. MSM can get the trust from every parties. Although PT. MSM did not have their own special department that handle about good corporate governance, but they already implementing principal of good corporate governance in every section and department in their company. So all the process in the company can directed and controlled in the right way; and (2) in implementing good corporate governance, PT. MSM is based on five pillars of good corporate governance. The five pillars are transparency, accountability, responsibility, independency, and fairness. PT. MSM did the transparency in all of their activity and report to all the related parties accurately and truthfully. To support accountability, PT. MSM make sure that all the activity is based on the laws and company regulation. They also use the competent auditor to audit the activity in the company. For the responsibility, PT. MSM realize their responsibility to the environment and society, so they running CSR program to help and develop environment and community around the site. This company also proves their independency in decision making with prevent the intervention from the other parties that did not match with the corporate regulation. The will receive the advice as a suggestion to improve the company to become better in the future. The last is fairness, the company keep the fairness with guarantee the right of all the minority shareholders, so all the shareholders can get an equal information. The company also give a chances for all the stakeholders to give their opinion, and give the punishment for the people that do the violate the regulation bas on their mistake and laws.

Recommendation

PT. MSM must give an attention for the implementation of good corporate governance in company, remembering that good corporate governance becomes one of global business issues that get an attention from so many country included Indonesia. In general, the implementation of good corporate governance already fulfill the company expectation. PT. MSM implementing good corporate governance based on the five pillars. Depend on some researchers and journals, there are the five pillars: transparency, accountability, independency, responsibility, and fairness. But the problem is there are some parties that did not satisfy with the implementation like society and government. PT. MSM must keep the transparency and build the good communication with the society and government. Not only implementing, but the company also must think to developing and improve their good corporate governance. It will be better if PT. MSM have their own good corporate governance division, so the division can focus to control and handle the problem of good corporate governance effectively. This division also can take care of all the problem in the company that did not get the solution yet, like demonstration and conflict of interest and make a meeting to found the solution of the problem related with the department. If the company, always try to develop good corporate governance, the company will get so many advantages and will reach their goal.

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