

Good Corporate Governance and The Development of Human Resources in The Strengthening of The Company's Work in PT Bank Sulselbar

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Abstract. The Indonesian government has issued regulations requiring the implementation of Good Corporate Governance (GCG) in the banking sector. These regulations, dated 7 December 2016, emphasize the need for GCG to be based on three pillars: Governance Structure, Process, and Outcome, with five basic principles of TARIF (Transparency, Accountability, Responsibility, Independence, and Fairness). Bank Sulselbar, a Foreign Exchange Bank, has been mandated to strengthen its human resources and increase the use of information technology. HR and IT must drive this evolution. The study examines the role of Good Corporate Governance and human resource development in improving company performance at regional development banks. Using a qualitative descriptive analysis method, the research found that overall human resource development based on GCG principles was successful in improving BPD Sulselbar's performance, despite several cases of authority abuse. The study suggests that BPD Sulselbar needs to internalize GCG principles in its organizational culture and conduct human resource development in line with its needs.

Keywords: Good Corporate Governance; Human Resources Development; Company Performance

1 Introduction

Good Corporate Governance (GCG) is a series of mechanisms that reflect a company management structure that determines the distribution of rights and responsibilities among various participants in the company, including Shareholders, Board of Commissioners, Directors, Managers, Employees, and other stakeholders. Along with the demands of GCG implementation in the banking sector, the Financial Services Authority (OJK) has issued regulations that specifically regulate the provisions of GCG implementation for Commercial Banks through Number 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks, OJK Regulation Number 4/POJK.03/2016 dated January 26, 2016 concerning Health Level Assessment of Commercial Banks, Circular Letter of the Financial Services Authority Number 13/SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks, OJK Circular Letter Number 32/SEOJK.04/2015 concerning Guidelines for the Governance of

Public Companies and OJK's Good Corporate Governance Roadmap. Company performance is highly dependent on human resources as the driving force of all aspects in the company. Today Human Resources (HR) is very important in the survival of the company. HR as the basis for driving company performance with all the knowledge, ideas, innovations it has and becomes an intangible asset that is very important to maximize company performance.

Since its establishment in 1961, Bank Pembangunan Daerah Sulselbar as a form of regionally-owned corporation that serves the public directly has undergone several changes and transformations, including changes in the name of PT Bank Pembangunan Daerah Sulawesi Selatan Tenggara changed to Bank Pembangunan Daerah Sulawesi Selatan Tenggara, changes from Regional Company to Limited Liability Company, until the latest is the change in name from PT Bank Pembangunan Daerah Sulawesi Selatan to PT Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat abbreviated as PT Bank Sulselbar. This change will lead the corporation to adaptations that will be carried out in all sectors, not least in the aspect of HR Management which is the driving force for implementing the direction of determining company performance. The Governor of South Sulawesi in 2020 also mandated the President Commissioner of PT Bank Sulselbar, to strengthen its human resources and increase the use of information technology. The regional government is also responsible for growing and enhancing the ability of businesses [1]. This is the main reason why HR and Information and Technology (IT) must be the driving force in this evolution. HR development in Regional Companies, in this case at Bank Sulselbar, is important to study, this is because there are differences between the employment status that is still attached between the State Civil Apparatus, Company Special Employees and Non-Permanent Employees (honoror) who have the task of managing the company.

Based on several previous studies that have been conducted, it can be concluded that basically the principles of good governance are an important aspect in improving the performance of public service organizations. Therefore, in this study, researchers want to see how the implementation of GCG principles in public service organizations, especially in BPD Sulselbar owned by the government of South Sulawesi and West Sulawesi Provinces.

2 Literatures

2.1 Good Corporate Governance

Corporate governance can be described as the process by which institutions are directed and controlled which is generally understood to include authority, accountability, stewardship, leadership, direction and control [2]. The purpose of corporate governance is to help build the environment of trust, transparency and accountability necessary to encourage long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies [3]. The global financial crisis has been a stark reminder to the world financial community of how important corporate governance is to global financial stability [4].

Lockwood quoted by Rahayu and Juwono [5] explains that "the principles of good governance are a collection of statements that contain how the government should act in carrying out its functions". There are several experts or international institutions that explain the principles of good governance and each expert or international institution determines its own characteristics so that the expert or institution has different principles. Rahayu and Juwono [5] explain that "this difference is due to differences in the point of view and context of discussion of experts and international institutions that express these principles". One of the

international institutions that determine the characteristics of good governance is the United Nations Development Program (UNDP). Based on the characteristics put forward by the National Committee on Governance Policy (KNKG), there are five main principles in implementing good GCG, namely Transparency, Accountability, Responsiveness, Independence, and Fairness. According to the Indonesian banking GCG guidelines issued by the KNKG, the GCG principles that need to be ensured include transparency, accountability, responsibility, independence and fairness and equality. Principles are basic principles that must be implemented by all parties in the company in implementing GCG. Therefore, GCG principles should be guided by the Board of Commissioners, Board of Directors and its subordinates, shareholders and other stakeholders. Therefore, every Bank should ensure that GCG principles are applied to every aspect of the business and at all levels of the Bank.

The results of Anik, Chariri, and Isgiyarta's research [6] show that the role of good corporate governance in improving financial performance is very high which in turn will increase company value. Research conducted by Azmi, Misral, and Maksun [7] proves that good corporate governance has a significant effect on organizational performance. The results of research by Sianipar and Wiksuana [8] found that corporate governance has a positive effect on the performance of Regional Development Banks.

2.2 Human Resource Development

Zahari [9] defines Human Resources (HR) as a department with a focus of attention on humans as resources in achieving organizational goals. According to Hasibuan [10], HR management is the practice of organizing a group of people to meet organizational, individual, and community goals. According to Handoko [11], human resource management is defined as the process of identifying, recruiting, selecting, training, retaining, and utilizing employees to achieve company and individual goals..

HR who work for organizations or in this case companies can be equated with the form of employees, where companies need to view their employees as their assets or assets because it is the employees who will be the actors in terms of all activities whose purpose is to achieve common interests. One of its operational functions is employee development. Employee development has a broad scope in an effort to improve abilities, knowledge, attitudes and personality traits.

The types of employee development are grouped into 2 types, namely formal and informal development. Formal development is carried out through training both internally organized and externally participated in from outside related parties and informal development can be realized by studying independently all literature regarding self-development as an employee.

In the format of scientific articles, literature reviews are not allowed as in research reports, but are realized in the form of a review of previous literature (state of the art) to show the scientific novelty of the article. It should be understood that the literature review is not a parade of theories but rather a problematization of theories, and the author's standing point against the existing theoretical debate. So that it is clear the position and novelty of the article written.

2.3 Organizational Performance

Balsam et al in Suryani [12] define organizational performance as the rate of return on company assets and annual stock returns and measure organizational performance through Return on assets (ROA) and annual stock return, in the same literature, Byremo, C (2015) concludes the definition of organizational performance as the final results achieved on financial performance, market performance, operational performance and employee performance. So it can be concluded that there are several main components of organizational performance, namely understanding the achievement of target-focused goals (effective) with the use of relatively few resources (efficient) as operational management behavior. Assessment can also vary depending on the initial planning and direction of the organization's work both in terms of financial and non-financial.

When performance is associated with the success of an organization's business, the financial results can be clearly shown in the financial statements that need to be analyzed and interpreted with time series comparisons or with the performance of other companies in the same industry (cross sectional). Assessment from time to time can illustrate the growth or decline in the trend of the company's financial performance, while cross sectionally can map where the company is currently compared to its competitors or compared to other companies in the same industry.

3 Research Methods

This research uses a qualitative approach with a case study method. Qualitative research is research conducted through the process of exploring and understanding the behavior of individuals and groups, describing social problems or humanitarian problems, and the final activity is to make reports into a flexible structure as explained by Creswell [13]. This research focuses on the five principles of GCG as regulated by the KNKG as a basis for seeing how the application of these principles is also related to HR development and company performance at BPD Sulsebar. This research uses secondary primary data sources. While the data collection techniques used in this study are interviews with key informants who can provide an objective view of the application of GCG in HR development at Bank Sulsebar, namely the Compliance Director, Human Capital (HC) Division and Strategy and Initiative Management Office (SIMO) Division as well as several staff randomly by interview method and direct observation to the previously determined locus, namely the Head Office in Makassar City and Branch Office in Maros Regency.

In addition, to also obtain accurate information that has been documented both openly and privately, document review is also carried out to make the analysis of interviews and direct observations appropriate results and have a correlation with each other that supports each other. Activities in this data analysis include data reduction, data display and conclusion drawing.

4 Result and Discussion

The implementation of good corporate governance encourages optimal organizational performance, because good corporate governance creates success in achieving goals, maintaining business continuity, and increasing competitive value in the banking industry competition. In accordance with the direction of OJK Regulation Number 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks. Good governance in

bank management applies the principles of transparency, accountability, responsibility, independency, and fairness.

4.1 Transparency

PT Bank Sulsebar applies the principle of transparency by publishing financial reports, projections and financial information as well as important company information through the homepage and local and national newspaper media to make it easier for stakeholders to assess the company's performance and know the risks that will occur. Decision making is carried out with transparency in the GMS on the basis of policies and procedures that have been determined and in line with the provisions of the relevant laws and regulations. PT Bank Sulsebar has fulfilled the provisions that currently 50% of the members of the Board of Commissioners are Independent Commissioners and members of the Board of Commissioners do not hold concurrent positions except those determined by OJK, and the majority of bank management (commissioners & directors) do not have management, financial, family relationships. The Board of Directors and Commissioners of Bank Sulsebar informed the Bank's Business Plan (RBB) to all employees, including at branch offices. The management, executive officials, branch office leaders of Bank Sulsebar have sent the State Implementation Wealth Report (LHKPN) to the KPK periodically / annually through the LHKPN application. Information on recruitment is published openly through the website and social media of related institutions in the form of cooperation that is directly connected to the Bank Sulsebar website. The Board of Directors of PT Bank Sulsebar established a Work Unit with the task of implementing the Internal Audit Function, namely the Internal Audit Work Unit (SKAI) which is independent of the operational work unit and is directly responsible to the President Director.

4.2 Accountability

In the banking operational process, PT Bank Sulsebar has established an organizational structure, duties and responsibilities for each position, so that the company routinely reports performance results and financial conditions to OJK. The publication of PT Bank Sulsebar's report has been reviewed for the company's compliance with applicable laws and regulations by the audit committee in collaboration with the Public Accounting Firm (KAP).

All members of the board of commissioners, members of the board of directors have adequate integrity, competence and financial reputation and have passed the OJK Fit and Proper Test. In improving the quality of work of employees, PT Bank Sulsebar has carried out HR development by providing opportunities for employees to participate in training and development to improve the ability and quality of performance as a manifestation of professional, prudent, reliable and sustainable corporate governance so that PT Bank Sulsebar employees in carrying out their duties and responsibilities are based on a code of ethics. PT Bank Sulsebar has four fines that still have to be paid due to violations of the provisions of the Statutory Reserves at Bank Indonesia, delays in submitting reports to OJK and errors / discrepancies in filling out the report format. PT Bank Sulsebar still has several weaknesses in SIMR so that it is necessary to add several risk assessment indicators to make it more comprehensive and the results of the risk assessment can describe the actual conditions, including Credit Risk, Operational Risk, Compliance Risk, Reputational Risk.

4.3 Responsibility

In implementing the compliance function policy, it has been regulated in the Board of Directors Decree No. SK/074/DIR/K/XII/2022 dated December 30, 2022 concerning the guidelines for the compliance function of PT Bank Sulsebar with the aim of creating a culture of compliance, conducting compliance tests on each product and bank activity in conducting compliance risk. PT Bank Sulsebar in avoiding fraud is implementing the Anti-Money Laundering (AML) and Prevention of Financing of Terrorism (PPT) program. In the period of the second semester of 2022 (June to December 2022) there were still five fraud cases that occurred at Bank Sulsebar due to employees who abused their responsibilities for personal purposes. PT Bank Sulsebar is also still faced with legal cases with a total of fourteen cases in the Court, one legal case in the tax court and a problematic credit settlement case. The Corporate Secretary Division still found five negative online publications aimed at PT Bank Sulsebar. BPK-RI made findings on bank operations as many as ten findings that have not been completed or are in process from a total of 238 findings, besides that OJK also made findings on the examination of a total of 782 findings with a status of 761 completed, 19 unfinished findings and 2 findings have not been followed up (not due).

In the Responsibility principle, PT Bank Sulsebar provides accountability through the management of aid funds / corporate social responsibility (CSR) by channeling funds to social activities as a form of social and environmental responsibility. PT Bank Sulsebar routinely carries out CSR activities such as providing assistance for disaster management, the environment and health, as well as the construction or improvement of public infrastructure, fostering MSMEs, and youth activities with a ceiling value of 5% of 2021 profits.

4.4 Independency

In the structure of the management / Board of Commissioners and Directors of PT Bank Sulsebar, it is not in accordance with the provisions applied by OJK that the number of members of the Board of Commissioners is at least three people and does not exceed the number of members of the Board of Directors, while currently the number of Commissioners is four people which exceeds the number of Directors of three people. In the structure of the implementation of the duties and responsibilities of the Board of Directors of Bank Sulsebar, it is also not in accordance with OJK regulations because of the existence of concurrent positions by the President Director who concurrently serves as Acting. Director of Operations and for the Director of Marketing & Syariah also concurrently serves as Acting. Director of Credit & UMKM. It is known that the Board of Commissioners of Bank Sulsebar does not hold concurrent positions and to assist the Board of Commissioners in carrying out its duties, Committees are formed, in the position of Chairman of the Board of Commissioners Committee comes from an Independent Commissioner. Bank Sulsebar's operational activities are based on the Company Manual (BPP) and Standard Operating Procedures (SOP) to avoid conflicts of interest on commissioners, directors and bank employees who have authority and have the potential to be misused which have been identified by setting five conflicts of interest.

In the recruitment process prospective employees are required to report the existence of a family relationship with Bank Sulsebar employees, this is done to avoid any act of conflict of interest, but there has been no mapping of family relationships in employees and ensuring that there are no employees who have family relationships in one work unit. In the application of

independence, all elements in the company are prohibited from receiving gratuities or giving gifts / souvenirs or entertainment / sports or a decision and position that can benefit the parties, and the use of positions, the dissemination of confidential information by providing easy access for personal or group interests. As a form of prevention, Bank Sulsebar continues to strive to improve the organizational system, the application of corporate values, employee integrity and corporate culture and ethical guidelines (code of conduct).

4.5 Fairness

In applying the principle of fairness, Bank Sulsebar provides an opportunity for each employee to conduct training and development and in the process of promotion seen through performance appraisal indicators by going through the assessment stage so that it is not influenced by gender, religion, ethnicity and race. As a form of appreciation to employees, Bank Sulsebar provides rewards based on performance levels and provides punishment if employees violate the provisions that are corrected by coaching counseling and given training opportunities for competency development in improving performance. Evaluation of the achievement of targets and RBB is routinely evaluated every 3 three months/quarter by the SIMO Division. Information on job vacancies has been informed to the public, but there are still prospective employees who are entrusted to follow the recruitment process, when implementing the HC Division continues to carry out the stages of the recruitment process in accordance with predetermined procedures by going through several stages so as to produce employees who are competent in their fields. In providing services to the community PT Bank Sulsebar still has a record of 3,693 service complaints so that improvements need to be made to increase customer satisfaction in receiving services.

5 Conclusions

The implementation of GCG principles has been realized in various initiatives at BPD Sulsebar, although in its realization there are still five fraud cases that occur due to employees who abuse their responsibilities for personal purposes and have been dealt with firmly. In relation to HR Development, HR management has been well implemented starting from the choices for recruitment paths in accordance with the workload analysis carried out, then continued with the appropriate placement and orientation, and performance monitoring based on key performance indicators (KPI) tailored to each type of position, with a clear and formal reward and punishment system, besides that HR capacity building is carried out regularly through brainstorming, assessment and training needs analysis with employees. Overall HR development based on GCG principles is carried out well to improve the performance of BPD Sulsebar.

On the basis of these conclusions, the suggestions that can be conveyed are as follows: Supervision of potential conflicts of interest is carried out actively by Bank Management with transparency and the implementation of daily supervision is carried out by the Compliance Group with direct supervision from the Compliance Director, Organizational Culture and exemplary needs to be internalized where all employees are required to carry out GCG principles set by bank management, and each management provides a good example, and the

last is HR Development that needs to be done with a long-term view is to prepare a competency development map for each level of position and appropriate competency guidelines.

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