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## THE ROLE OF COMMISSIONERS IN THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE IN BUMN (A JURIDICAL ANALYSIS BASED ON THE LIMITED LIABILITY COMPANY LAW AND THE BUMN LAW)

### Abstrak

This research examines the involvement of BUMN commissioners in implementing Good Corporate Governance (GCG) based on the Limited Liability Company Law and the BUMN Law. The goal is to analyze how commissioners ensure transparency and accountability, the impact of GCG on BUMN performance, and the challenges they face in supervision. This normative legal research uses statutory, conceptual, comparative, and case approaches. Data were collected through literature and documentation studies, then qualitatively analyzed descriptively with triangulation of data sources, peer review, critical analysis of sources, and consideration of the social-economic-political context in interpretation. Commissioners play a crucial role in ensuring transparency and accountability of BUMN through GCG. GCG implementation enhances the performance of BUMN as both a development agent and a business entity. However, there are obstacles such as independence, competence, nomination, and limited commissioner authority. The findings emphasize the necessity of strengthening the legal framework and oversight mechanisms to optimize the role of commissioners. The implications include enhancing regulations, supervisory practices, BUMN performance, and strengthening the independence, competence, and authority of commissioners in GCG implementation. This research is important for strengthening BUMN governance. Commissioners have demonstrated their significant role in ensuring GCG and BUMN performance. Further research is required on GCG best practices, its impact on performance, and the factors influencing its successful implementation in BUMN.

**Keywords:** Good Corporate Governance (GCG), State-Owned Enterprises (SOEs), Board of Commissioners' Role

## INTRODUCTION

Good Corporate Governance (GCG) is a framework of rules and practices that regulate the relationship between stakeholders in a company. It ensures transparency, accountability, and fairness. GCG is particularly important for State-Owned Enterprises (BUMN) in Indonesia as it helps increase company value and performance while reducing the risks associated with mismanagement and corruption (Ekasari and Kus Noegroho, 2020; Noviari and Ngurah Suaryana, 2020). GCG principles, such as information disclosure and stakeholder engagement, are essential for fostering trust and attracting investment, which is critical for the sustainability of SOEs (Lisiantara, 2023; Musani, 2023). GCG in Indonesia has significantly developed, especially after the 1997 financial crisis, highlighting the need for strong governance mechanisms to prevent corporate failure (Munir et al., 2016; Rusda, 2024). The government has implemented regulations and guidelines to strengthen GCG practices within SOEs, encouraging improved management and operational efficiency (Sari et al., 2021; Dientri, 2024).

The role of commissioners in State-Owned Enterprises (BUMN) is governed by the Limited Liability Company Law and the BUMN Law, emphasizing their responsibilities in the supervision and management of the company. Commissioners are responsible for ensuring that management operates the company's operations by Good Corporate Governance (GCG) principles, including transparency, accountability, and corporate social responsibility (Akhbar, 2023; Margamiharja & Triyanto, 2021). Through close supervision, commissioners can influence GCG policies and implementation by encouraging the provision of relevant information and urging management to take responsibility for the company's social and environmental performance (Akhbar, 2023; Santoso, 2022). Research shows that board characteristics, such as the presence of independent commissioners, significantly affect corporate performance and social responsibility (Mattunruang, 2023; Dewi et al., 2018). Therefore, the role of commissioners is crucial in shaping the direction and policies of BUMN and in increasing public trust in the company.

A juridical analysis of the Limited Liability Company Law and the State-Owned Enterprises (BUMN) Law indicates the critical role of commissioners in oversight and ensuring transparency. The law requires the presence of independent commissioners to ensure that management supervision is conducted objectively and transparently (Ahmad et al., 2023; Amin, 2020). Research suggests that a higher proportion of independent commissioners leads to better financial performance, reflecting effective supervision (Masliyani & Murtanto, 2022; Sufina, 2023). In the context of international Good Corporate Governance (GCG) practices, countries like Malaysia and Singapore also emphasize the importance of independent commissioners in their board structure to enhance transparency and accountability (Supriyono & Suhardjanto, 2014). Studies in Southeast Asia indicate that corporate social disclosure is influenced by good GCG practices, including the role of commissioners (Supriyono & Suhardjanto, 2014). Strengthening the role of commissioners in the Limited Liability Company Law and SOE Law aligns with global trends in increasing corporate transparency and accountability.

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encouraging the provision of relevant information and urging management to take responsibility for the company's social and environmental performance (Akhbar, 2023; Santoso, 2022). Research shows that board characteristics, such as the presence of independent commissioners, significantly affect corporate performance and social responsibility (Mattunruang, 2023; Dewi et al., 2018). Therefore, the role of commissioners is crucial in shaping the direction and policies of BUMN and in increasing public trust in the company.

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Previous research has highlighted the significant role of commissioners in the oversight and implementation of Good Corporate Governance (GCG) in BUMN. However, commissioners often encounter various barriers in fulfilling their duties. These barriers can be attributed to structural limitations, such as the constrained independence of commissioners due to the government's influence as a shareholder (Djajanti, 2023; Prayoga & Agustina, 2018). Cultural obstacles may also manifest in the form of resistance to change and a lack of awareness regarding the importance of GCG among management and employees (Syah, 2022; Nugroho, 2022). Furthermore, the existing regulatory framework may not adequately support the role of commissioners, necessitating further refinement (Nursa, 2023; Apriana, 2021). Overcoming these barriers will require a comprehensive effort involving the government, regulators, BUMN management, and other stakeholders. Measures such as bolstering commissioners' independence, enhancing their competence and integrity, and improving the regulatory framework can contribute to strengthening the role of commissioners in GCG implementation in BUMN (Mahadewi, 2023; Zarkasyi, 2021).

The existing research has provided valuable insights into the role of

commissioners in implementing Good Corporate Governance (GCG) in BUMN. However, there are still research gaps that need to be addressed. Previous studies have mainly focused on the impact of GCG on financial performance, with limited comprehensive legal analysis based on the Limited Liability Company Law and BUMN Law (Nibraska & Faroja, 2023; Hasanah, 2023). Furthermore, there has been a lack of in-depth exploration of the challenges faced by commissioners in fulfilling their supervisory role according to GCG principles (Muslim & Sonjaya, 2023; Kusmayadi & Hermansyah, 2018). Therefore, this research aims to fill these gaps by conducting a comprehensive legal analysis of the role of BUMN commissioners in implementing GCG, focusing on transparency, performance, and supervisory obstacles.

## RESEARCH METHOD

This research uses normative legal research methods or library research, which focuses on analyzing legal documents and literature related to the role of Commissioners in the implementation of Good Corporate Governance (GCG) in State-Owned Enterprises (BUMN). The approaches used include a statutory approach, conceptual approach, comparative approach, and case approach. The statutory approach is used to analyze Law No. 40/2007 on Limited Liability Companies and Law No. 19/2003 on State-Owned Enterprises, particularly articles relating to the roles, duties, and responsibilities of Commissioners in ensuring transparency, accountability, and the implementation of GCG principles. A conceptual approach is applied to examine legal concepts related to GCG, transparency, accountability, and the role of Commissioners in corporate governance. Meanwhile, a comparative approach is used to compare the implementation of GCG and the role of Commissioners in various BUMN in Indonesia to obtain a more comprehensive picture.

The research data sources consist of primary, secondary, and tertiary legal materials. Primary legal materials include the 1945 Constitution, Law No. 40/2007 on Limited Liability Companies, Law No. 19/2003 on State-Owned Enterprises, and other relevant laws and regulations. Secondary legal materials consist of corporate law books, national and international legal journals related to GCG and BUMN, results of previous legal research, and opinions of corporate law and corporate governance experts. Tertiary legal materials include legal dictionaries, legal encyclopedias, and credible online sources. Data collection was conducted through literature and documentation studies, by collecting, studying, and analyzing legal materials relevant to the research topic. Data analysis uses a descriptive qualitative analysis method, which is carried out through the stages of data organization, interpretation, comparative analysis, synthesis of findings, and formulation of conclusions and recommendations.

This research also considers interdisciplinary aspects by integrating perspectives from the fields of economics, management, and public policy to provide a more holistic analysis of the problems of GCG implementation in BUMN. To maintain the validity of the research, triangulation of data sources, peer review by corporate law experts, critical analysis of sources, and consideration of the socio-economic and political context in interpreting legal data were conducted. With this rigorous methodological approach, the research aims to produce an in-depth analysis and applicable recommendations to strengthen the role of Commissioners in the implementation of GCG in BUMN.

## RESULT AND DISCUSSIONS

**The role of state-owned enterprise (BUMN) Commissioners is crucial in ensuring management transparency and accountability through the principles of Good Corporate Governance (GCG).**

According to Law No. 40/2007 on Limited Liability Companies, the Board of Commissioners of BUMN has an important role in ensuring transparency and accountability of management by the principles of Good Corporate Governance (GCG). Article 108 paragraph (1) states that "The Board of Commissioners supervises the management policy, the course of management in general, both regarding the Company and the Company's business, and provides advice to the Board of Directors". This supervision and provision of advice must be carried out for the benefit of the Company and by the purposes and objectives of the Company, as stipulated in Article 108 paragraph (2) which reads "Supervision and provision of advice as referred to in paragraph (1) shall be carried out for the benefit of the Company and by the purposes and objectives of the Company"

Furthermore, Article 114 paragraph (2) requires each member of the Board of Commissioners to be in good faith, prudent, and responsible in carrying out their supervisory and advisory duties to the Board of Directors, as stated: "Each member of the Board of Commissioners shall be in good faith, prudent, and responsible in carrying out their supervisory and advisory duties to the Board of Directors as referred to in Article 108 paragraph (1) for the benefit of the Company and by the purposes and objectives of the Company". If a member of the Board of Commissioners is guilty or negligent in carrying out his/her duties to the detriment of the Company, the member of the Board of Commissioners shall be personally liable for the losses of the Company, as stated in Article 114 paragraph (3) "Each member of the Board of Commissioners shall be personally liable for the losses of the Company if he/she is guilty or negligent in carrying out his/her duties as referred to in paragraph (2)".

Article 116 outlines the responsibilities of the Board of Commissioners, which include:

1. Keeping minutes of the Board of Commissioners meeting and retaining a copy thereof;
2. Reporting to the Company about their and/or their family's share ownership in the Company and other Companies; and
3. Providing a report on their supervisory duties during the past financial year to the RUPS.

UUPT grants significant authority and responsibility to the Board of Commissioners of BUMN to oversee management and ensure adherence to the principles of transparency and accountability in BUMN governance, in accordance with GCG principles.

According to Law No. 19/2003 on State-Owned Enterprises, BUMN Commissioners play a crucial role in ensuring management transparency and accountability through Good Corporate Governance principles. This is reflected in the following articles:

1. Article 6, paragraphs (1) and (2), which regulate the Commissioner's supervisory function: "(1) Supervision of BUMN is carried out by the Commissioners and Supervisory Board. (2) The Commissioners and Supervisory Board are fully responsible for the supervision of BUMN for the interests and purposes of the BUMN";
2. Article 6, paragraph (3), requires Commissioners to apply GCG principles: "(3) In carrying out their duties, the Commissioners and Supervisory Board must comply with the BUMN Articles of Association and the provisions of laws and regulations

and must implement the principles of professionalism, efficiency, transparency, independence, accountability, responsibility, and fairness";

3. Article 70, paragraph (1), requires the Commissioner to establish an Audit Committee: "(1) The Commissioners and Supervisory Board of BUMN must form an audit committee that works collectively and functions to assist the Commissioners and Supervisory Board in carrying out their duties";
4. Article 14, paragraph (1), provides for the Minister to act as RUPS and represent shareholders, allowing for further supervision: "(1) The Minister shall act as RUPS if all shares of the Persero are owned by the state and shall act as a shareholder of the Persero and limited liability company if not all shares are owned by the state."

With supervisory obligations, the implementation of Good Corporate Governance (GCG), the establishment of an Audit Committee, and supervision by the Minister, BUMN Commissioners have a central role in ensuring transparency and accountability of BUMN management through GCG principles.

BUMN Commissioners play an important role in ensuring management transparency and accountability through the principles of Good Corporate Governance (GCG). These principles include transparency, accountability, responsibility, independence, and fairness, aiming to create good, fair, and transparent relationships between various interested parties in the company (Hasanah, 2023). One crucial aspect of the commissioner's role is the prohibition of concurrent positions. BUMN commissioners are not allowed to hold multiple positions because they are prone to conflicts of interest that can interfere with the implementation of GCG (Nibraska & Faroja, 2023). This prohibition aims to avoid potential conflicts of interest that can undermine transparency and accountability in corporate governance.

The implementation of GCG principles in BUMN, including BUMN banks, has a significant impact on company performance. Consistent implementation of GCG principles can improve financial and non-financial performance and maintain business sustainability and the company's long-term goals (Hasanah, 2023). BUMN commissioners play an important role in ensuring that these principles are effectively applied across all aspects of the company's operations. By ensuring good GCG implementation, BUMN commissioners contribute to improving the transparency, accountability, and overall performance of BUMN, which in turn can increase public and stakeholder confidence in the management of state-owned companies.

### **Implementation of Good Corporate Governance Principles by BUMN Commissioners**

The application of Good Corporate Governance (GCG) principles by the Board of Commissioners of BUMN as mandated in the UUPT has a significant influence on company performance in the context of the dual role of BUMN as a development agent and business entity.

"The application of the principles of transparency and accountability in supervision by the Board of Commissioners, as stipulated in Article 108 paragraph (1), which reads "The Board of Commissioners supervises the management policy, the course of management in general, both regarding the Company and the Company's business, and provides advice to the Board of Directors," and Article 114 paragraph (2) "Each member of the Board of Commissioners must be in good faith, prudent, and responsible in carrying out the duties of supervision and providing advice to the Board of Directors as referred to in Article 108 paragraph (1) for the benefit of the Company and by the purposes and objectives of the Company," will encourage BUMN management to manage the company professionally, efficiently, and oriented towards achieving results. This is in line with the objectives of

BUMN as business entities that must pursue profit and growth, to contribute to state revenue.

The supervision of the Board of Commissioners, which emphasizes compliance by Article 114 paragraph (2) of the UUPT, will enable BUMN as an arm of the government to continue to carry out its role as development agents that support government policies and programs, for example in providing public goods and services, developing strategic industries, or carrying out special assignments for the benefit of the community.

The application of the principle of responsibility by the Board of Commissioners by Article 108 paragraph (2) which states "Supervision and provision of advice as referred to in paragraph (1) shall be carried out for the benefit of the Company and by the purposes and objectives of the Company" will ensure that BUMN pays attention to the interests of stakeholders such as customers, suppliers, employees, surrounding communities, and the environment. This is in line with the role of BUMN as development agents in improving the welfare and quality of life of the community."

The principle of fairness enforced by the Board of Commissioners, based on Article 97, paragraph (5), letter c, states that they "should not have a conflict of interest, either directly or indirectly, over management actions that result in losses." Additionally, Article 114, paragraph (5), letter b, states that they "should not have a personal interest, either directly or indirectly, over management actions of the Board of Directors that result in losses." Furthermore, the independence of the Board mandated by Article 120, paragraph (1), which allows for the option of an Independent Commissioner, aims to prevent irregularities and misuse of state assets in BUMN, maintaining public and investor confidence in BUMN as a corporation.

The implementation of GCG (Good Corporate Governance) by the Board of Commissioners will make BUMN more accountable, have integrity, and perform well as development agents as well as business entities. This is the essence of BUMN as a corporation whose shares are owned by the state but whose management must still follow the principles of a healthy modern corporation, as mandated by Article 11 of the UUPT, which states that "The provisions regarding the responsibility of the Board of Directors and/or the Board of Commissioners for their errors and omissions regulated in this law do not reduce the provisions stipulated in the law on Criminal Law."

The implementation of Good Corporate Governance (GCG) principles by BUMN Commissioners, as mandated in Law No. 19 of 2003 concerning BUMN, significantly influences company performance in the context of the objectives of BUMN as development agents and business entities. According to Article 2, paragraph (1) of the law, the objectives of BUMN are as follows:

1. to contribute to the development of the national economy and state revenue;
2. to pursue profit; c. to carry out public benefits by providing high-quality and adequate goods and/or services for the fulfillment of people's lives.

To achieve these objectives, the implementation of GCG by the Commissioners, as required by Article 6, paragraph (3), involves implementing the principles of professionalism, efficiency, transparency, independence, accountability, responsibility, and fairness. This implementation will increase the efficiency, productivity, and competitiveness of BUMN. Effective supervision and direction from the Commissioners will ensure that management runs the company professionally and with integrity, thereby improving the performance and value of the company, as stated in Article 72, paragraph (2), which aims to improve the company's performance and value.

The implementation of GCG, accountability, and transparency by Commissioners will also build public and investor confidence in BUMN. This will facilitate access to

funding and attract investor interest, thereby strengthening the role of BUMN as a development agent in driving the national economy and increasing state revenue.

The supervision of Commissioners in providing quality and affordable public goods/services will ensure that BUMN perform their public service and benefit functions well. This emphasizes the role of BUMN in advancing the welfare of society.

The implementation of Good Corporate Governance (GCG) by BUMN Commissioners will strengthen the sustainable performance of SOEs as both a business entity and a development agent. BUMN will be managed in a more professional, efficient, accountable, and value-added-oriented manner so that they can make an optimal contribution to the national economy and the welfare of society as mandated by the BUMN Law.

Good Corporate Governance (GCG) is an important component in ensuring transparent, accountable, responsible, independent, and fair operations in State-Owned Enterprises (BUMN). Boards of commissioners play a vital role in the implementation of these principles to improve performance and long-term sustainability (Nibraska & Faroja, 2023; Hasanah, 2023). Key GCG principles that should be implemented in BUMN include transparency, accountability, responsibility, independence, and fairness, which aim to create harmonious and fair relationships among stakeholders (Hasanah, 2023; Gusnia et al., 2023). To maintain the integrity of GCG implementation, SOE commissioners are prohibited from holding concurrent positions to avoid conflicts of interest (Nibraska & Faroja, 2023).

Despite the importance of GCG, there are still challenges in its implementation. One of the main barriers is the perception that GCG is only a compliance formality, not a necessity for performance improvement (Hasanah, 2023). However, research shows that the effective implementation of GCG principles contributes significantly to improving the financial and non-financial performance of BUMN (Kusumawati & Sulistiana, 2020; Purwaningrum & Haryati, 2022). Therefore, SOEs need to implement GCG principles consistently and effectively, not only as a form of compliance but as a fundamental strategy to improve performance and ensure long-term sustainability (Hartono et al., 2020; Kusmayadi & Hermansyah, 2018).

### **Factors that hinder BUMN Commissioners in carrying out their supervisory role by the principles of good corporate governance**

Several factors can hinder the BUMN Board of Commissioners in carrying out its supervisory role by the principles of Good Corporate Governance when viewed from the perspective of the UUPT.

The composition and independence of the Board of Commissioners is not optimal. Article 120, paragraph (1) of the UUPT, states that "The Company's articles of association may provide for the existence of 1 (one) or more Independent Commissioners and 1 (one) Representative Commissioner," which opens up the option of an Independent Commissioner but does not regulate it in detail. As a result, the composition and independence of the Board may not be adequate to supervise effectively and be free from conflicts of interest.

The requirements to become a member of the Board of Commissioners set out in the UUPT are not comprehensive enough to ensure adequate qualifications and competencies. Article 110, paragraph (1) states, "Those who can be appointed as members of the Board of Commissioners are individuals who are capable of performing legal acts unless within 5 (five) years before their appointment they have: a. been declared bankrupt; b. been a member of the Board of Directors or a member of the Board of Commissioners who was

found guilty of causing a Company to be declared bankrupt; or c. been convicted of a criminal offense that harms state finances and/or is related to the financial sector." These requirements are still too general and do not touch on the aspects of knowledge, expertise, and experience required to oversee BUMN companies.

The process for nominating, selecting, and appointing the Board of Commissioners is not regulated in detail in the UUPT. According to Article 111 paragraph (1), "Members of the Board of Commissioners are appointed by the RUPS," and paragraph (4) stipulates, "The articles of association regulate the procedures for the appointment, replacement, and dismissal of members of the Board of Commissioners and may also regulate the nomination of members of the Board of Commissioners." However, these provisions are still very general and leave room for a less transparent and accountable process, which can weaken the quality, objectivity, and independence of the elected members of the Board of Commissioners.

Additionally, there is unclear coordination and working relationship between the Board of Commissioners, the RUPS, and the Board of Directors. While Articles 108 and 114 of the UUPT do regulate the duties and responsibilities of the Board of Commissioners, they do not specifically regulate the dynamics of the relationship and working mechanism with the RUPS as the forum for shareholders and the Board of Directors as the supervised executives. Article 117 mentions the authority of the Board of Commissioners to approve the Board of Directors, but this still requires further elaboration. The clarity of the rules and the relationship between the Company's organs is crucial for the effectiveness of the supervisory function by the Board of Commissioners.

The Board of Commissioners has limited authority to take real action if they find indications of irregularities or potential losses in BUMN. According to Article 106 paragraph (1) of the UUPT, the only authority granted to the Board of Commissioners is the temporary dismissal of members of the Board of Directors by stating the reasons. However, the final decision lies with the RUPS according to Article 106 paragraph (6), which states that "The RUPS revokes or strengthens the temporary dismissal decision". The authority of the Board of Commissioners to take immediate corrective action is still limited.

These factors provide an overview from the perspective of the UUPT that needs to be considered to strengthen the role and effectiveness of the supervisory function of the BUMN Board of Commissioners. The implementation of GCG in BUMN is also strongly influenced by sectoral regulations, company conditions, and the commitment of the Company's organs, which cannot solely rely on the articles in the UUPT.

Based on the perspective of Law No. 19 of 2003 concerning BUMN, several factors can hinder BUMN Commissioners in carrying out their supervisory role by the principles of Good Corporate Governance (GCG). One of them is the potential conflict of interest as stipulated in Article 33, which states that "Members of the Board of Commissioners are prohibited from holding concurrent positions as a. members of the Board of Directors of BUMN, regionally-owned enterprises, privately-owned enterprises, and other positions that may cause conflicts of interest; and/or b. other positions by the provisions of laws and regulations."

The existence of concurrent positions or personal interests of Commissioners in other companies can interfere with independence and objectivity in supervision. Article 32 paragraph (1) also states "The articles of association may stipulate the granting of authority to the Commissioners to approve the Board of Directors to perform certain legal acts." This authority has the potential to be abused if there is a conflict of interest.

Another factor is the competence and integrity of the Commissioner as stipulated

in Article 28, paragraph (1): "Commissioner members are appointed based on considerations of integrity, dedication, understanding of company management issues related to one of the management functions, having sufficient knowledge in the Persero's business field, and being able to provide sufficient time to carry out their duties." Commissioners who are not competent in the BUMN business field or do not have enough time will find it difficult to conduct effective supervision.

The intervention of other parties prohibited in Article 91 "Other than organs of the BUMN, any other party is prohibited from intervening in the management of the BUMN" may also hinder the independence of the Commissioner. Although prohibited, in practice it is difficult to prevent political intervention in BUMN that can interfere with the implementation of GCG.

Obstacles can also arise from organizational culture and commitment that are not conducive to GCG implementation. Although required in Article 6, paragraph (3), the implementation of the principles of "professionalism, efficiency, transparency, independence, accountability, responsibility and fairness" needs to be supported by management and all stakeholders. Without mutual awareness and effort, GCG supervision by Commissioners becomes more difficult.

Considering these factors, it is essential for the government and state-owned enterprises (BUMN) to enhance the appointment and oversight processes of commissioners, establish systems that facilitate the implementation of Good Corporate Governance (GCG), and foster a culture of integrity within the organization. These measures will enable BUMN commissioners to effectively fulfill their supervisory responsibilities as mandated by the BUMN Law.

The effectiveness of BUMN commissioners in carrying out their supervisory duties based on GCG principles is often hindered by various factors. One significant issue is the superficial appointment of independent commissioners, primarily for regulatory compliance rather than genuine competence and commitment to governance principles. This practice can lead to ineffective supervision and a lack of accountability within the organization, potentially fostering conflicts of interest and compromising the quality of corporate oversight (Utami et al., 2021; Rustiarini et al., 2023). Moreover, inadequate communication and coordination among commissioners often result in weak supervisory functions (Utami et al., 2021; Santosa, 2022). The lack of robust internal control mechanisms further exacerbates this problem, as these mechanisms fail to address agency problems between management and shareholders (Makaryanawati, 2019; Mardjono & Chen, 2020). Consequently, the overall performance of BUMN deteriorates as they struggle to align their operations with GCG principles, impacting their efficiency and profitability (Nachrawi, 2022; Natapermana et al., 2020).

### **Proposed Solutions for Overcoming Commissioner Challenges in Fulfilling Supervisory Functions Based on Good Corporate Governance Principles**

Based on Law Number 40 of 2007 concerning Limited Liability Companies, there are several solutions to overcome the obstacles of Commissioners in carrying out supervisory functions by the principles of Good Corporate Governance:

1. Commissioners can form committees to assist their supervisory duties. This is regulated in Article 121 paragraph (1) which reads: "In carrying out its supervisory duties as referred to in Article 108, the Board of Commissioners may form committees, one or more of whose members are members of the Board of Commissioners."
2. The Company's articles of association may provide for 1 (one) or more Independent Commissioners and 1 (one) Representative Commissioner to avoid conflicts of

interest. As per Article 120 paragraphs (1) and (2): "(1) The Company's articles of association may provide for 1 (one) or more Independent Commissioners and 1 (one) Representative Commissioner. (2) Independent commissioners as referred to in paragraph (1) shall be appointed based on a GMS resolution from parties that are not affiliated with the main shareholders, members of the Board of Directors, and/or other members of the Board of Commissioners."

3. Commissioners are authorized to temporarily suspend members of the Board of Directors if they commit actions that are detrimental to the Company. Article 106 paragraph (1) states: "Members of the Board of Directors may be temporarily dismissed by the Board of Commissioners by stating the reasons."
4. The Board of Commissioners may perform management actions of the Company in certain circumstances for a certain period based on the articles of association or a resolution of the RUPS. Article 118 paragraph (1): "Based on the articles of association or a RUPS resolution, the Board of Commissioners may perform management actions of the Company in certain circumstances for a certain period."

Based on Law Number 19 of 2003 concerning State-Owned Enterprises, some solutions to overcome the Commissioners' obstacles in carrying out supervisory functions by the principles of Good Corporate Governance are as follows:

1. Commissioners must meet the criteria of integrity, and dedication, understand the company management issues, have sufficient knowledge in the business field of the Persero, and be able to provide sufficient time. This is regulated in Article 28 paragraph (2) which states "Commissioner members are appointed based on considerations of integrity, dedication, understand company management issues related to one of the management functions, have sufficient knowledge in the Persero's business field, and can provide sufficient time to carry out their duties";
2. The composition of the Commissioners must be determined to enable effective, appropriate, prompt, and independent decision-making. Article 28 paragraph (2) stipulates "The composition of the Commissioners must be determined in such a way as to enable decision making to be carried out effectively, precisely and quickly, and to be able to act independently";
3. Commissioners are prohibited from holding concurrent positions that may cause a conflict of interest. This prohibition is stated in Article 33 which reads "Members of the Board of Commissioners are prohibited from holding concurrent positions as members of the Board of Directors in BUMN, regionally-owned enterprises, privately-owned enterprises, and other positions that may lead to conflicts of interest; and/or other positions by the provisions of laws and regulations."

With the additional authority of the Board of Commissioners, it is hoped that it can overcome obstacles in carrying out supervisory functions and upholding the principles of good corporate governance (GCG) in Limited Liability Companies so that the Commissioners can carry out their supervisory functions optimally.

To increase the effectiveness of commissioners in carrying out their supervisory role within the framework of good corporate governance, several strategies can be implemented. First, the appointment process for independent commissioners should prioritize competence and commitment over mere regulatory compliance, as ineffective supervision often stems from a lack of these qualities (Utami et al., 2021). Furthermore, encouraging diversity on boards can result in better oversight, as research shows that female commissioners tend to be more thorough in financial reporting, thereby reducing misstatements (Rustiarini et al., 2023). In addition, improved communication and coordination among commissioners can significantly strengthen their oversight function (Utami et al., 2021). Regular training and

development programs can also equip commissioners with the necessary skills to effectively navigate complex governance challenges (Indarti et al., 2020). Finally, aligning remuneration structures with performance metrics can incentivize commissioners to actively engage in their oversight responsibilities, thereby driving better governance outcomes (Ani et al., 2022).

## CONCLUSIONS

Based on the results and discussions in the scientific article entitled "The Role of Commissioners in the Implementation of Good Corporate Governance in BUMN: A Juridical Analysis based on the Limited Liability Company Law and the BUMN Law", it can be concluded that the Board of Commissioners of BUMN has a vital role in ensuring transparency, accountability, and the implementation of Good Corporate Governance (GCG) principles by the mandate of the Limited Liability Company Law (UUPT) and the BUMN Law (UU BUMN). This article finds that the involvement of Commissioners in management oversight and GCG implementation has been shown to have a positive influence on company performance, both in the context of BUMN's role as development agents and business entities. However, the article also identifies factors that may hinder the supervisory role of Commissioners, such as suboptimal composition and independence of the Board of Commissioners, inadequate qualifications and competencies of Board members, less transparent nomination and selection mechanisms, and limited authority of Commissioners to take corrective action.

These findings have important implications for the government, regulators, and BUMN to strengthen the legal framework and oversight mechanisms to support the effective role of the Commissioner. This article highlights the need to improve regulation, supervisory practices, and BUMN performance, and provides a foundation for overcoming structural and operational barriers to better governance of state enterprises. The implications of the findings also point to the importance of strengthening the independence of Commissioners, improving the competence and integrity of Board members, and improving the regulatory framework to optimize the supervisory role of Commissioners in the implementation of GCG in BUMN.

For future research, this article suggests a more in-depth study of best practices in GCG implementation in BUMN, as well as a comparative analysis with other countries that have similar institutional contexts. Future research could also explore the impact of GCG implementation on the financial and non-financial performance of BUMN in more detail, as well as examine the effectiveness of the checks and balances mechanism between the Board of Commissioners, Board of Directors, and other stakeholders in realizing good corporate governance. In addition, further research could investigate the factors that influence the success of GCG implementation in BUMN, including aspects of organizational culture, leadership, and the political-economic dynamics surrounding them. Thus, future research is expected to provide more comprehensive and applicable insights to strengthen the role of Commissioners and improve the quality of BUMN governance in Indonesia.

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