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## **Application of Good Corporate Governance Relating to Shareholder, Commissioner and Directors of Limited Liability Company in Indonesia**

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### **ABSTRACT**

*Good corporate governance is the shareholder positioning in which contains specification to oblige shareholder participation. Global era and free market require new paradigm in carrying out business activity, how corporation can create positive image to their stakeholder. One of methods to do is to apply principles of good corporate governance. Corporation is one of the main pillars in modern social activity, because it is one of the centers of human activity to live their daily life. Corporation is important because of its significant contribution as source of public income, particularly in the tax sector. In limited liability Company, it is required good role of shareholder, commissioner and management (board of directors). Corporation is also a vehicle for channeling labor force.*

**Keywords:** *Commissioner and Directors, Good Corporate, Liability*

## INTRODUCTION

National economic development held on the basis of economic democracy with principles of togetherness, fairness-based efficiency, continuity, environmental insight, independence and to safeguard national economic advancement and unity aims to result in social prosperity. Corporation is one of main pillars in modern social activity, because it is one of the centers of human activity to live their daily life. Corporation is important because of its significant contribution as source of public income, particularly in the tax sector. Business or activity carried out by corporation or people who run the corporation is synonymous with trader or trading activity, that is they do their activities continually, transparently in order to seek for profit.<sup>1</sup>

If we are talking about business (company), it cannot be separated from discussion about the forms of corporation. In the Indonesian system of commercial law, there are forms of corporation, such as Firm (Fa), CV (*commanditaire vennootschap*), and PT (limited liability company). These forms are regulated in the First Book, Chapter III, First Part of Lawbook of Commercial Law (KUHD). And still, there are other forms of corporation regulated in the Law book of Civil Law (KUH Perdata) called *maatschap* or civil alliance. And PT is the usual form dominantly used in business world in Indonesia, because PT is capital association and independent legal field.

Incorporated firm or Limited Liability Company was firstly known in Indonesia via Article 36 to Article 56 of KUHD. This incorporated firm in the Dutch is *Naamloze Vennootschap* (NV). Regulation on PT in the KUHD was revised in the first time by Act No of 1971, Statute Book (L.N. No 20/1971) that enables one share ownership with one vote. At first Article 54 stated that shareholder has only six votes. Article 54 Paragraph 4 stated:

Restriction on number of vote issued by shareholder can be regulated in the certificate of establishment, provided that a shareholder cannot issue more than six votes when company capital is divided in one hundred shares or more, or he cannot issued more than three votes if the capital is divided in less than one hundred shares.

Foreign investors, who invested their capital in Indonesia, objected to this article. Most of them at that time owned share majority in the joint venture in the form of limited liability company. The investors invested their capital in Indonesia when the Act No 1 of 1967 on foreign capital investment was issued. To coped with this problem, government revised the article 54 by issuing the Act No 4 of 1971 on change and addition on stipulation of Article 54 of KUHD (Stbl. 1847:23). A limited liability company as business corporation has at least five

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<sup>1</sup> Ardison Asri, "Doktrin Piercing The Corporate Veil Dalam Pertanggung Jawaban Direksi Perseroan Terbatas," *Jurnal Ilmiah Hukum Dirgantara* 8, no. 1 (June 3, 2014), <https://journal.universitassuryadarma.ac.id/index.php/jihd/article/view/138>.

structural characteristics, those are: (1) legal personality, (2) limited liability, (3) transferable shares, (4) centralized management, and (5) share ownership.<sup>2</sup>

Company as legal personality (corporate company) means the company is legal subject so that rights and liability can be imposed against it. As legal personality, the company has its own wealth separated from its administrator's wealth. As legal personality, shareholders liability is limited to their shares, but when it can be proved that there is mixture of personal property with company property, so limited liability becomes unlimited, where shareholder is responsible personally for the loss sustained by the company (corporation), no more limited on shares owned by them in the company.

Incorporation has an organ called incorporated organ to drive incorporation so that body personality can go to its destination (goal). Incorporated organ comprises general session of shareholder (RUPS), management and board of commissioners.

## RESEARCH METHODOLOGY

In viewpoint of legal theory, law is differentiated into normative law and empirical law. Positivistic idea bore empirical law, whereas normative idea bore normative law. Therefore, legal examination can be carried out normatively and empirically in which each has different characteristic and method.<sup>3</sup> Research method is procedure and technique to answer question of research, therefore usage of research method is always adapted to research requirement.

Research of this article is categorized into normative legal research or it can also be called doctrinal research, that is, research that inquires the law as a system separated from other various system existing in the society so that provides limit between legal system and other systems. Haryono see the law in the internal perspective where the law is closed system separated from other systems such as political, economic, social systems and other existing system.<sup>4</sup> According to Hutchinson, doctrinal research; research which provides a systematic exposition of the rules governing a particular legal category, analyzes the relationship between rules, explains areas of difficulty and perhaps, predicts future development.<sup>5</sup>

<sup>2</sup> Muhammad Mutawalli, "Legal Analysis of Appointment of Former Corruption Convicts As Commissioner Of BUMN," *Mimbar Keadilan* 15, no. 2 (2022): 178–189, <https://jurnal.untag-sby.ac.id/index.php/mimbarkeadilan/article/view/6469/5102>.

<sup>3</sup> Junaidi Abdullah, "Refleksi Dan Relevansi Pemikiran Filsafat Hukum Bagi Pengembangan Ilmu Hukum," *Yudisia Jurnal Pemikiran Hukum dan Hukum Islam* 6, no. 1 (2015): 181–199, <https://journal.iainkudus.ac.id/index.php/Yudisia/article/download/1498/1376>.

<sup>4</sup> Sri Mamudji Soerjono Soekanto, *Penelitian Hukum Normatif*, Cetakan ke. (Jakarta: PT. Raja Grafindo Persada, 2012).

<sup>5</sup> Ridwan Arifin, "Improving Law Student Ability on Legal Writing through Critical and Logical Thinking by IRAC Method," *Indonesian Journal of Advocacy and Legal Services* 1, no. 1 (2019): 107–128.

Soetandyo Wignjosebroto categorized legal research into five domains, those are normative-normologic, normative-positive, normative-behavioral, empiric-normologic and symbolic-interactional. In this research, law is meant in the first concept, second and third as normative legal research. The first category of legal research, normative-normologic to identify legal principle which is become basis for rules of law related to incorporation (limited liability company), especially application of principle of personal responsibility (liability) from shareholders, board of commissioners and directors. Second legal research is normative-positive, by examining statute rule related to characteristic of director, commissioner, shareholder responsibility in the incorporation. The third legal research is normative-behavioral, by examining the law as judge's decision on application personal responsibility to cases and jurisdictional practice in Indonesia based on UUPT No 40/2007. As a normative legal research, it will be used some approaches to develop comprehension about legal issue more holistically<sup>6</sup>:

1. Statute approach, that is an approach which examines and inquires statute regulation related to incorporate firm/company and other related laws. Therefore the researcher see law as closed system which has comprehensive characteristics, i.e., legal norms contained in it are interrelated logically and systematically, and those legal norms are also organized hierarchically.<sup>7</sup> Statute approach will be used in the research to dig and uncover substance of legal norms about characteristic of shareholder, director and commissioner responsibility based on UUPT No 40/2007.
2. Conceptual approach, that is an approach by comprehending abstract elements in the thinking (idea or concept). According to Ayn Rand, philosophically concept is mental integration of two units or more isolated according with typical characteristic and united with typical definition.<sup>8</sup> Conceptual approach in this research is aimed to examine concept related to principle of limited liability, unlimited liability in the Act of limited liability.
3. Case approach, that is to examine application cases of personal liability of the shareholders, board of commissioner, directors in jurisdictional practice in Indonesia against cases which have been adjudged by court. For cases in the form of verdict, the writers did the research to Mataram District Court, Central Jakarta District Court, South Jakarta District Court, Jakarta High Court, Mataram High Court and Indonesian Supreme

<sup>6</sup> Soerjono Soekanto, *Pengantar Penelitian Hukum* (Jakarta: Penerbit Universitas Indonesia (UI-Press), 2015).

<sup>7</sup> Soerjono Soekanto & Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, 17th ed. (Jakarta: Rajawali Pers, 2015).

<sup>8</sup> Rachmat Abdiansyah, "Tinjauan Yuridis Terhadap Objek Tanah Terlantar Atas Hak Guna Usaha (HGU) Perkebunan Di Kabupaten Gowa" (Universitas Hasanuddin Makassar, 2015), <https://core.ac.uk/download/pdf/89562824.pdf>.

Court. The writers also did a research to KPK (Corruption Eradication Commission), Jakarta High Prosecutor's Office, West Nusa Tenggara High Prosecutor's Office and the Attorney General's Office of Indonesia.

Based on binding power, legal resources can be qualified into primary, secondary and tertiary legal resources:<sup>9</sup>

1. Primary legal resource, i.e., binding legal resource obtained from statute rule related to development of principle of personal liability from shareholders, board of commissioners, and directors in Act of limited liability company in Indonesia. In addition to statute, primary legal resource is verdict. For this legal resource, the writers inquired proceedings of Bill of Limited liability company (RUU PT) at Indonesian Legislative Assembly Library in Jakarta; the writers also inquired Academic Manuscript of Incorporation Laws at Library of Universitas Indonesia in Jakarta and the writers searched for legal resources at library of Law Ministry and Human Rights.
2. Secondary legal resource, that is, legal resource which explains primary legal resource such as books, research result, scientific journal, article and so forth. For secondary legal resource in the forms of books, scientific journal and other articles, the writers found them at University of Indonesia library, University of Brawijaya library and University of Mataram library. The writers also did research via magazines and newspapers and via internet media.
3. Tertiary legal resource, that is, legal resource which can explain primary and secondary legal resources such as law dictionary, encyclopedia and Black's Law Dictionary and etc.

Method of collection of legal resources was carried out by way of inquiry, collection and study of documentation to primary, secondary and secondary legal resources conventionally and via information technology (Internet, CD-Rom). Supporting tool used in collecting conventional legal resources is card system consisting of summary card, quotation card and analysis card. Summary card contains writer's name, title of book, year of publishing, publisher's name, and page of quotation. The quotation card contains note of quoted opinion and thought. Responses can be in the forms of addition or explanation by way of criticizing and interpreting perspective or comment.<sup>10</sup>

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<sup>9</sup> Soerjono Soekanto, *Pengantar Penelitian Hukum*.

<sup>10</sup> Jimly Asshiddiqie, *Pengantar Ilmu Hukum Tata Negara*, 11th ed. (Jakarta: Rajawali Pers, 2019).

## RESULTS AND DISCUSSION

### Legal Position of Shareholder

Legal position of shareholder in the UUPT (Company Law) No. 40 /2007 is regulated in Chapter VI, Article 75 to Article 91. Previously, in UUPT No. 1/1995 it was regulated in Chapter VI, Article 63 to Article 78. Number of articles regulating RUPS in both laws is almost the same. There were 15 articles in UUPT No. 1/1995, whereas in UUPT No. 40/2007, there are 16 articles. Therefore, the regulation is substantially wider and comprehensive in UUPT No. 40/2007. In the fifth paragraph, general explanation confirms incorporated organ related to implementation of the RUPS, for instance to take advantage of technological development, so that RUPS can be held by shareholders via electronic media (teleconference, videoconference) or other technological media.

RUPS (General Meeting of Shareholders) position as the first incorporated organ cannot be separated from essence of establishment of the incorporation. It can be seen in Article 1 of UUPT that incorporation is capital alliance (combination) from the incorporation founders. As the founders of limited liability company (incorporation) as well as shareholders, who have given contribution of initial capital to run the business, decision related to original objective of the founders should reside in their hand through RUPS. Another reason to post shareholders as first element is other organs of limited liability Company, i.e., management (board of directors) and commissioners are appointed and discharged by RUPS.

Article 1, point 4, of UUPT No. 40/2007 explains RUPS position in a limited liability company, as follows: *“RUPS is incorporated organ that has authority not granted to directors (board of directors) or board of commissioner in the limitation specified in this act and/or basic budget.”*

It is clear in the Article 1 point (4) of UUPT that RUPS is incorporated organ. So, according to this law, RUPS is incorporated organ that cannot be separated from the company (incorporation). Through RUPS, shareholders as the incorporation owner who exercises control on administration carried out by board of directors (directors) or on administrator's property policy carried out by incorporate management.<sup>11</sup>

RUPS is frequently considered as the highest organ in the incorporation. However, basically the three incorporated organs (RUPS, directors and commissioner) have parallel positions in accordance with separation of power regulated in the act. Therefore, it cannot be said that RUPS is higher than directors and commissioner. Each organ has position and authority in accordance with their function and responsibility.

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<sup>11</sup> Ridwan Khairandy, *Hukum Perseroan Terbatas* (Yogyakarta: FH UII Press, 2014).

In general, according to UUPT No 40/2007, shareholder's authorities are as follows:<sup>12</sup>

1. To approve legal handling conducted by future founder for the shake of incorporation so that the legal handling binds limited liability company (incorporation) after the incorporation becomes legal personality (corporate company).(Article 13 point (1) of UUPT);
2. To approve legal handling by the founders after establishing limited liability company but before the company obtains its status of legal personality (Article 14 of UUPT);
3. To approve proposal of change in basic rule of the incorporation (Article 19-28 of UUPT)
4. To approve share deposit in the form of intangible object (Article 34 point (3) of UUPT);
5. To approve shareholder rights of collector or creditor to incorporation as compensation of share deposit in company capitalization (Article 35 of UUPT);
6. To approve company intention to buyback the shares which have been issued (Article 38 of UUPT);
7. To hand in authority for granting approval on company intention to buyback the shares which have been issued to the board of commissioners (Article 39 of UUPT);
8. To approve capital increment; principal capital, saved capital and deposited capital (Article 41 point (1) of UUPT);
9. To hand in authority for granting approval of RUPS decision to be implemented about capital increment to the board of commissioner (Article 41 point (2) of UUPT);
10. To approve capital decrement: principal capital, saved capital and deposited capital (Article 44 of UUPT);
11. To approve transfer of rights for shares when it is allowed by incorporation basic principle (Article 57 point (1) b of UUPT);
12. To approve annual work plan made by directors (directors) when it is indicated by basic principle (Article 64 point (2) and (3) of UUPT);
13. To decline for legalizing financial statement categorized in the qualification of incorporation in the sector of conscription of public fund or incorporation that publishes letter of debt or incorporation which is unlimited incorporation, or who has asset/ business circulation at least Rp. 50.000.000.000, or incorporation whose financial statement must be audited by public accountant (Article 68 point (1) and (2) of UUPT);

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<sup>12</sup> Niru Anita Sinaga, "Hal-Hal Pokok Pendirian Perseroan Terbatas Di Indonesia," *Jurnal Ilmiah Hukum Dirgantara* 8, no. 2 (June 3, 2014), <https://journal.universitassuryadarma.ac.id/index.php/jihd/article/view/253>.



14. To approve annual report and legalize annual calculation (Article 69 point (1) of UUPT);
15. To approve utilization of net profit including determination of saved sum for monetary reserves (Article 71 point (1) of UUPT);
16. To regulate procedure of taking out dividend that have been put in special reserve (Article 73 point (2) of UUPT);
17. To approve merger, fusion, transfer or separation, submission of application in order to the incorporation to be stated as insolvent, prolongation of time period of establishment and dismissal of incorporation (Article 89 point (1) of UUPT);
18. To appoint member of directors (Article 92 point (5) of UUPT);
19. To appoint member of directors (Article 94 point (1) of UUPT) and member of board of commissioners (Article 111 point (1) of UUPT);
20. To dismiss member of directors (Article 94 point (5) juncto Article 105 point (1) of UUPT) and member of board of commissioner (Article 115 point (5) and Article 119 of UUPT);
21. To set honorarium and subsidy of director member (Article 96 point (1) of UUPT) and honorarium and subsidy of commissioner member (Article 113 of UUPT);
22. To set limitation and requirement of director authority (Article 99 point (3) of UUPT);
23. To appoint party outside director member and board of commissioner to represent incorporation in case of all director members and board of commissioner have conflict of interest with incorporation (Article 99 point (2) c of UUPT);
24. To approve intention of directors to shift wealth or to make it as debt guarantee which is more than 50% of corporation's total wealth (Article 102 point (1) of UUPT);
25. To approve or decline plan made by directors to submit application of bankrupt (Article 104 point (1) of UUPT);
26. To draw back or confirm decision made by board of commissioner to temporarily dismiss board of directors (Article 106 point (6) of UUPT);
27. To request report from board of commissioners about their supervisory function last year (Article 116 c of UUPT);
28. To grant authority to board of commissioner to carry out administration when directors is unavailable or when all members of board of directors have conflict of interest with incorporation (Article 118 point (1) of UUPT);
29. To appoint independent commissioner (Article 120 point (2) of UUPT);
30. To approve merger design made by directors and it has previously got approval from commissioner (Article 123 point (3) of UUPT);
31. To approve takeover (Article 125 point (4) of UUPT);



32. To approve incorporation dispersal (Article 142 point (1) a of UUPT);
33. To pinpoint liquidator (Article 142 point (3) of UUPT);
34. To approve liquidator's responsibility statement for incorporate liquidity (Article 152 point (1) of UUPT).

RUPS consists of annual RUPS and other RUPS. Annual RUPS has to be held in the time period 6 month maximally after the annual end. This annual RUPS can be proposed on request of one person or more of shareholders or board of commissioners.

### **Directors and Commissioner Positions in the Limited Liability Company**

The word of "commissioner" has meaning as organ or as individual. As organ, commissioner is also usually called board of commissioners, and as individual, it is called commissioner member.<sup>13</sup> Legal concepts of commissioner came from Germany legal concept, similar to legal concepts in countries which adhere to other Europe legal system. In Dutch, board of commissioners is called raad van commissaren.<sup>14</sup> Whereas in English, it is called board of supervisors or board of directors.

Theoretically and practically the function of board of directors is to do administrative handling, whereas commissioner is to do supervisory function, they will do their functions as best they can for the sake of incorporation. Article 108 point (1) to point (5) of UUPT No 40/2007 states that:

1. Board of commissioners (commissaries) carries out supervision on administrative policy, administrative function in general, relating to incorporation and business, and suggests advice to the directors (management).
2. Supervisory and advisory functions as indicated in point (1) is carry out for the sake of incorporation.
3. Board of commissaries consists of 1-member person or more.
4. Board of commissaries comprising more than 1-member person acts as committee and every member cannot act individually, but based on decision of the board.
5. Incorporation whose business activity relates to collection and/or management of public money, incorporation that issues letter of debtor to the public or unlimited liability company must have at least 2 members of the board.

<sup>13</sup> Hamud M. Balfas, "Masalah-Masalah Aktual Di Pasar Modal," *Jurnal Hukum & Pembangunan* 29, no. 4 (May 29, 2017): 305, <http://jhp.ui.ac.id/index.php/home/article/view/562>.

<sup>14</sup> Ukilah Supriyatin and Nina Herlina, "Tanggung Jawab Perdata Perseroan Terbatas (PT) Sebagai Badan Hukum," *Jurnal Ilmiah Galuh Justisi* 8, no. 1 (March 31, 2020): 127, <https://jurnal.unigal.ac.id/index.php/galuhjustisi/article/view/3326>.

According to UUPT, directors is defined as incorporated organ that is responsible for administration of the incorporation for the interest of the incorporation in accordance with aim and objective of the incorporation and to represent the incorporation, inside and outside the court.

The authority of the directors is limited by authority to act internally, referring to legal doctrine and prevailing regulation, including basic principle of the incorporated company. The limits among other things are doctrine of ultra vires stating that act committed is outside the directors' authority. The directors' responsibility of administration has to be based on basic principle (vide Article 1 point 5 juncto Article 92 point 2 of UUPT). Application of good corporate governance relating to shareholders, commissioners and directors of the limited liability company (incorporation). Good corporate governance (GCG) relating to shareholder positioning is the existence of specification stating shareholder consists of minimal 2 persons.

This specification will result in presence of nominee and dummy agencies that, in turn, will only increase overhead cost, and it is not in accordance with trend of incorporation legal development that enables incorporation is established by one person.<sup>15</sup>

Good corporate governance is when incorporated organs, those are RUPS/shareholders, commissaries and directors in doing their functions refer to UUPT, corporate basic principle, and corporate regulation.<sup>16</sup>

In viewpoint of corporate economic aspect, so far most of corporations still adhere to classical economic doctrine, i.e. profit maximization, as suggested by Adam Smith that main objective of corporation is to minimize cost as low as possible and increase efficiency as high as possible to maximize profit. In global era and free market, the doctrine is obsolete, so that new paradigm in business is required, that is how corporate can create positive image to the stakeholder. One of methods to do is to apply principles of good corporate governance.

Application of good corporate governance has four main principle, those are principles of fairness, transparency, accountability, and responsibility.

Forum of Good Corporate Governance Indonesia (FGCI), describes those principles, as follows:<sup>17</sup>

1. Fairness

Equal treatment towards shareholders, especially minority shareholders and

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<sup>15</sup> Kepresidenan Negara Indonesia, *Undang-Undang Republik Indonesia Nomor 1 Tahun 1995 Tentang Perseroan Terbatas* (Jakarta, 1995), <https://jdih.kemenkeu.go.id/fulltext/1995/1TAHUN~1995UU.htm#:~:text=1.,undang ini serta peraturan pelaksanaannya>.

<sup>16</sup> Muammar Arafat Yusmad, "Penerapan Prinsip Good Corporate Governance (GCG) Pada PT Amanah Finance Palopo Dalam Mewujudkan Etika Bisnis Islami," *Jurnal Muamalah* 4, no. 1 (2014).

<sup>17</sup> Indah Halimah Putri, "Penerapan Prinsip Good Corporate Governance (GCG) Dalam Upaya Mewujudkan Visi Pada PT. Bank BNI Syari'ah Cabang Palembang," *Jurnal Intelektualita*:

foreign shareholders, with important information disclosure and forbid dividend for self-interest in trading shares by insider trading. This principle is made among other things by creating corporate regulation that is protective of minority share interest, making corporate conduct and protective policies against bad self-dealing, and conflict of interest, define role and responsibility of directors, board of commissioners, committee, including system of numeration, present information naturally/full disclosure of any material, prioritize equal job opportunity.

## 2. Disclosure/Transparency

The rights of shareholders, who have to be supplied with information accurately and on time about corporation, can also partake in decision-making about fundamental changes of the corporation and get their parts from the corporation. The principle of accurate and on time disclosure and transparency about all important matters for corporate performance, ownership, and stakeholders are presented among other things by developing accounting system based on accounting standard and best practices that guarantees financial statement and disclosure to be presented, develop information technology (IT) and management information system (MIS) to ensure appropriate performance measure and process of effective decision making by directors and commissioner, develop enterprise risk management that ensures that all significant risks have been identified, measured, and can be managed on clear tolerance level, announce vacant position.

## 3. Accountability

Management accountability through effective oversight is based on balance of power between management, shareholder, commissioner, and auditor. It is management accountability to shareholder and to corporation (RUPS). This principle is to prepare financial statement on time and accurately, by developing audit committee as business partner to support oversight functions by boards of commissioners, developing and reformulating role and function of internal audit as strategic business partner based on best practices.

## 4. Responsibility

The role of shareholder should be admitted as specified by law; active cooperation between corporation and stakeholders is necessary condition to create profit, job opportunity and healthy corporation from financial aspect. These are responsibilities of corporation as member of community who is subject to law. This principle indicates that responsibility is logical consequence of authority.

Mark Mobius presented some important aspects to ensure effective performance of management in the application of good corporate governance, as follows<sup>18</sup>:

1. Accountability

According to J. Mark Mobius, the most important thing in this respect is value, including aspect of responsibility. Moreover, he said that credit Lyonnais securities Asia (CSLA) had used some variables to assess level of accountability, those are:

- a. *independence and non-executive nature of board members;*
- b. *presence of more than half non-executive board members;*
- c. *presence of foreign nationals on the board;*
- d. *occurrence of regular full board meeting (once a quarter);*
- e. *opportunity for the members to “exercise effective quarter”;*
- f. *presence of audit committee*

2. Transparency should comprise such variables as:

- a. *adoption of accurate accounting methods;*
- b. *full and prompt disclosure of information relating to the company;*
- c. *timely disclosure of information;*
- d. *disclosure of conflicts of interest of the directors or majority shareholders;*
- e. *adequate advance notice of meeting and voting so shareholders may prepare.*

3. Minority investor protection measure, it underlines transparency and accountability considered as inadequate unsupported by concrete measure to minority capital investor frequently treated unfairly in Indonesia.

Enforced regulation, this instrument is effective step to implement good corporate governance. Every country that has ratified principle of good corporate governance should apply comprehensive policies, i.e., law enforcement. Other factor needs to be underlined and implemented is legal sanction to be imposed in case of the principle violation.

## CONCLUSION

Good corporate governance is definition of shareholder where there is specification stating that shareholder is at least 2 persons. Good corporate governance is when incorporated organs, those are RUPS/shareholders, commissaries and directors in doing their functions refer to UUPT, corporate basic

<sup>18</sup> Rinitami et.al Njatrijani, “Hubungan Hukum Dan Penerapan Prinsip Good Corporate Governance Dalam Perusahaan,” *Gema Keadilan* 6, no. 3 (2019): 242–267, <https://ejournal2.undip.ac.id/index.php/gk/article/download/6481/3329>.

principle, and corporate regulation. Application of good corporate governance has four main principle, those are principles of fairness, transparency, accountability, and responsibility.

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