



IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE TO SUPPORT THE DEFENSE INDUSTRY (STUDY AT PT. DOK AND KODJA BAHARI (PERSERO) JAKARTA)

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ABSTRACT

This research focuses on the implementation of Good Corporate Governance at PT Dok and Kodja Bahari (Persero) Jakarta to support the defense industry. This research is based on agency theory and the theory of Good Corporate Governance. The research method used in this study is a qualitative method with a descriptive approach. In this study, the research subject to be used was purposive sampling in determining the informants. The data analysis steps used in this study are the Analysis Interactive Model from Miles and Huberman, which divides the steps in data analysis activities into several parts: data collection, data reduction, data presentation, and drawing conclusions or verification. The results of the study stated that the implementation of GCG at PT DKB was quite good even though some had not been implemented as example from SPI before GCG still making reports that were not by the evaluation of the Audit Committee or other divisions, in this case, such as lack of documentation or written reports, then after GCG implementation is an obligation that must be implemented. Likewise, if there are matters related to problems that must be coordinated with the audit committee or other divisions, SPI will make a request letter in terms of coordination related to these problems. While the implementation of GCG at PT DKB still requires improvement and follow-up as a result of the Assessment results report, this requires support from all stakeholders and aspects of the company's organization, but the company still wants to always work hard to make this happen.

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1. INTRODUCTION

The existence of a country's defense and security systems and equipment is inseparable from the existence of the country's defense and security industry. Likewise, the Indonesian state, its defense, and security capabilities and strength depend on the national industry. Industrial capability and military preparedness of a nation are elements of national strength, through industrial capability a country can manage its resources in building national strength, and military preparedness is supported by technological innovation, leadership, and the quantity and quality of the armed forces to be able to support the foreign policy pursued (Morghentau, 2010, pp. 145-152). PT. Kodja Bahari Dock and Shipping (DKB) Persero is one of the defense industries which is also part of BUMN and is engaged in strategic industry in the procurement of KRI (Republic of Indonesia Warships) and Commercial Ships which, if managed properly, can improve the national economy and can impact on the progress of the national defense industry.

PT. Dok and Shipping Kodja Bahari (Persero) Jakarta, abbreviated as PT. DKB is trusted by the Indonesian government in carrying out the development of maritime power. Even though it is a shipping industry, it is trusted by the Indonesian government to carry out the development and the procurement of KRI (Republic of Indonesia Warships) but in practice PT. DKB (Persero) still found deficiencies and obstacles. The deficiencies and obstacles that exist include damage to the Floating Dock, being one of the 7 SOEs that have made a loss, and difficulties in paying ex-employees salaries and reports on assessment results that are still not satisfactory (Hakim & Suhardono, 2020).

Another problem at PT. Based on research by Hakim & Suhardono (2020), there are problems in implementing shipbuilding contracts, this is due to resources and bureaucratic structures which have an impact on time and high production costs. Based on this research, the first problem is the resources and bureaucratic structure, which is very convoluted, so it impacts the time and high cost of producing warships. Of course, there is a controlled environment that has not been implemented properly.

Because of the three problems above, it is necessary to practice Good Corporate Governance. Good Corporate Governance according to Hendro (2017) is a systematic effort within a company to improve a good corporate governance system to clarify all stakeholders. This is also related to how national goals can be sustainable with the goals and running of the company. Through the implementation of good corporate governance at PT. DKB (Persero) the government can measure public economic policies and make companies have ethical standards and work ethics, so that the process of implementing Good Corporate Governance has goals that are in line with the government, namely economic independence, especially supporting the shipping industry in DKB companies. As is the case with the 2019 Code of Conduct or Corporate Ethical Standards which emphasizes in Chapter 1 point 1 that the implementation of good corporate governance or GCG is the foundation for the formation of systems, structures, and corporate culture which will become a force in running a sustainable business. has a competitive advantage and can increase the company's added value (Code of Conduct, 2019).

The GCG concept aims to create good organizational or administrative administration (Saputra & Kurniawan, 2017). Judging from the concept of GCG, GCG is not only actualized in the government segment but also in the private sector, where this concept demands clarity and responsibility. In reality, the implementation of GCG has encountered many obstacles, one of which is the problem of abnormalities that often occur, for example, inconsistencies, particularly in terms of monetary administration. This can be maintained far from good control within the company, in this case, the framework must be maintained, in particular having to implement an Internal Control System (SPI). In companies with solid SPI, the slightest deviation can be minimized (Savitri & Herliansyah, 2022). Parties who have a stake in the implementation of the SPI area are of course none other than internal inspectors.

Research by Putro et. al. (2022). Increase in Defense Industry BUMN Net Profit Case Study at PT. Pindad (Persero) stated that the implementation of GCG at PT. Pindad can be one of the factors that encourage an increase in the company's net profit. This is because the implementation of GCG can encourage the company's operational performance to be more efficient.

Another study by Saputra et. al. (2022) aims to analyze the capabilities of PT. LEN in developing defense technology in Indonesia. The research method used is a qualitative approach with source triangulation techniques (interviews, observations, FGDs, and, documentation studies). From the results of the analysis using the 5M elements (man, material, machine, money, and method) it was found that PT. LEN has 5 capabilities needed by the defense industry in developing defense technology in Indonesia. HR capabilities are built by competency standards through training, certification, and scholarship, programs to the ability to produce defense products including communication systems, command and control systems, sensor systems, and training. , Organizational Capability is built according to GCG principles to the company's vision and mission. Technological and infrastructure capabilities come from internal sources, namely the design, production, and test facilities owned by PT. LEN, however, does not rule out the possibility of using external technology in collaboration with other companies or institutions. The funding capability comes from the company's internal funding as well as R&D cooperation with other countries.

Maali et al. (2021) conducted research entitled "How Corporate Social Responsibility Mediates The Relationship Between Corporate Governance and Sustainability Performance in the UK: A Multiple Mediator Analysis". The purpose of this research is to investigate the direct and indirect relationship between corporate governance and sustainability performance using corporate social responsibility. This research is based on a sample of 300 UK companies over the period 2005-2017. This study applies a structural equation model that determines the direct and indirect relationship between corporate governance and sustainability performance. The results found that corporate governance has a positive effect on sustainability performance.

Crifo et al. (2019) in their research entitled "Corporate Governance as a Key Driver of Corporate Sustainability in France: The Role of Board Members and Investor Relations" aims to examine the relationship between corporate governance and corporate sustainability by focusing on the two main components of corporate governance structure: board of directors and investor relations officer. This research proposes an original empirical strategy, based on a study



of 120 French companies with the largest capitalization for 2013, which allows measuring of the indigenous defense and expertise of the board of directors, as well as the communication skills of investor relations officers on corporate sustainability.

Aras & Crowther (2011) conducted a study entitled "Governance and Sustainability an Investigation into the Relationship between Corporate Governance and Corporate Sustainability." The purpose of this research is to show that corporate governance is fundamental to the sustainable operation of every company. The research results show that there is a significant influence between governance and sustainability.

This research focuses on the implementation of Good Corporate Governance at PT Dok and Kodja Bahari (Persero) Jakarta to support the defense industry. The researcher found a loophole in that research on Good Corporate Governance is still rare in the defense industry, especially at PT Dok and Kodja Bahari (Persero). Also, this research was conducted in a post-covid pandemic situation which had an impact on a company's GCG implementation system.

Agency Theory

The agency model is one of the most well-versed hypotheses in financial administration and writing (Daily & Dalton, 1994; Wasserman, 2006). Agency theory addresses the problems that arise in firms due to the separation of owners and supervisors and emphasizes mitigating these problems. Agencies make a difference in implementing different administrative components to control operator activities in jointly owned companies. Berle & Implies (1932) found that advanced American organizations had dispersed ownership which encouraged the separation of ownership from control. In a joint stock company, ownership is held by individuals or groups in the form of an offer and the shareholders (principals) appoint specialists for directors to carry out trades for the shareholders, but the biggest issue is whether the managers work for the owners or themselves (Jensen & Meckling 1976; Ross, 1973).

Agency theory is part of a set of positivist hypotheses that began with the writing of monetary finance problems (Walker, 1988). Agency theory hypothesizes that corporations consist of legally binding relationships between owners of financial assets and supervisors who are responsible for controlling those assets (Jensen & Meckling, 1976). In addition, agency theory is based on the recognition that specialists have more data than principals in that such data asymmetries antagonistically affect the capacity of principals to successfully screen whether the operator interface is served lawfully.

Good Corporate Governance is considered capable of bridging the interests of principals and agents through its five basic principles, namely transparency, accountability, responsibility, independence, and fairness.

Good Corporate Governance

The theory of Good Corporate Governance emerged as a result of the separation between business ownership and control as a response to the system by which companies are directed and controlled (Cadbury, 1992). Agency theory provides reasons for possible conflicts that can develop between principals (stakeholders) and agents (management). López et al. (2007) describes the problem of owner control over management and the mechanism available to exercise this control as known as Good Corporate Governance. Specific governance mechanisms, such as the board of directors play a relevant role in disciplining and advising management to take the most appropriate decisions at any time and for each organization (Cuervo, 2002).

The implementation of Good Corporate Governance in SOEs in the Indonesian Corporate Governance Manual is applied to regulations that require PTs to have a General Meeting of Stakeholders (GMS), commissioners, and directors in the corporate structure. The Good Corporate Governance Manual also adds regulations that require PTs that are officially registered with the OJK to have an array of auditors and committees composed of (1) Internal Auditors; (2) External Auditors; (3) Corporate Secretary; (4) Risk Policy Committee; (5) Corporate Governance Committee; (6) Nomination and Remuneration Committee; and (7) Miscellaneous Committee. Other regulations such as the Decree of the State Minister/Head of the Investment and Development Agency for BUMN No. PER-01/MBU/2011 concerning the development of Good Corporate Governance practices in a Limited Liability Company (Persero) explains that "BUMN is obliged to implement Good Corporate Governance consistently and continuously by referring to Ministerial Regulations while taking into account the applicable provisions and norms as well as the articles of association of BUMN.

This study uses the theory of Good Corporate Governance as a reference in the good management of the state-owned defense industry. It is hoped that by implementing the five proper principles of Good Corporate Governance, namely transparency, accountability, responsibility, independence, and fairness/equality of the defense industry SOEs can achieve independence in the domestic defense industry and accelerate the target of achieving the MEF.

2. RESEARCH METHODS

The research method used in this study is a qualitative method with a descriptive approach. Where this research according to Sugiyono (2014) confirms that qualitative research has research objectives whose research reports are

presented with a detailed and broad description. This research took the research location in Jakarta. This research was conducted at PT. Dock and Shipping Kodja Bahari (Persero) Jakarta. because the source of information, namely the informant and the location of the organization under study, was at PT. Dock and Shipping Kodja Bahari (Persero) Jakarta

In this study, the research subject to be used was purposive sampling in determining the informants. The subjects in this study were all parties related to PT. Dok and Shipping Kodja Bahari (Persero) Jakarta which will be detailed in extracting data and informants who will be questioned for data. While the object of research is the work program of the audit committee and internal control to realize GCG and facilities and infrastructure and then seek information on the independence and the defense economy to support the defense industry so that sustainable economic and self-sufficiency efforts emerge in the defense industry.

In this study is research design used was an analytical descriptive study so that in this study data collection was carried out using various techniques that were arranged systematically for perfect data collection results. According to Sugiyono (2017) Data collection techniques are the most strategic step in research. Because the main purpose of research is to get data. Data collection techniques in this study used several techniques, namely observation, in-depth interviews, and documentation. The data analysis steps used in this study are the Analysis Interactive Model from Miles and Huberman (2002), which divides the steps in data analysis activities into several parts: data collection, data reduction, data presentation, and drawing conclusions or verification.

3. RESULTS AND DISCUSSION

The results of this study focus on the implementation of Good Corporate Governance at PT Dok and Kodja Bahari (Persero) Jakarta to support the defense industry. Presentation of research results includes GCG for PT DKB, GCG implementation at PT DKB, Obstacles faced by PT DKB in implementing GCG, Efforts within the company to overcome these obstacles, and PT DKB's steps to support the defense industry. Based on the interview results, the implementation of Good Corporate Governance at PT Dok and Kodja Bahari (Persero) Jakarta to support the defense industry is explained in a table. Table 1 describes the benefits of GCG, the implementation of GCG, and PT DKB steps to support the defense industry.

Table 1
Implementation of Good Corporate Governance at PT. DKB

No	Aspect	Result
1	Benefits of Good Corporate Governance for PT DKB	<ol style="list-style-type: none"> 1. Minimizing company losses 2. Minimize the decrease in income 3. Minimize errors 4. Accountability and responsibility
2	Implementation of GCG at PT DKB	Some GCG implementations have been implemented although some have not been implemented
3	PT DKB's steps to support the defense industry	<ol style="list-style-type: none"> 1. Good Corporate Governance is in the process toward a better direction if the management of the company is good. 2. Everyone who implements Good Corporate Governance is already good but fraud still occurs as happened in the case of other state-owned companies

Source: *Processed by Researcher (2022)*

Based on table 1, information regarding the implementation of GCG at PT DKB is obtained as follows:

1. Benefits:
 - a) Minimizing losses for the company. The impact of losses due to unpredictable company activities and activities, this can cause obstacles for the company
 - b) Minimize the decrease in income. GCG is a tool that can help minimize the risk of decreased revenue because companies that practice good corporate governance, as well as DKB, s DKB will be able to minimize potential losses from risk management made.
 - c) Minimizing frequent mistakes. PT DKB has tried to minimize the errors that occur by referring to the applicable GCG rules by analyzing the sources of errors and looking for solutions to fix them.
- d) From the point of view of accountability and responsibility or responsibility, many are not yet measurable, so GCG can be carried out, transparency activities are quite good, although in general not all are transparent.
2. Application

Implementation has been carried out even though some have not been implemented, for example, SPI before GCG still makes reports with the wishes of the Audit Committee or other divisions in this case, such as



lack of documentation or written reports, after implementing GCG this becomes an obligation that must be implemented. Likewise, if there are matters related to problems that must be coordinated with the audit committee or other divisions, SPI will make a request letter in terms of coordination related to these problems. The SPI Division acts as an into auditor audit and consulting for other divisions besides providing advice to the board of directors regarding the implementation of company operations.

3. Steps

According to the informant, corporate governance at PT DKB in terms of control and good corporate governance is currently in the process of inwards a better direction. It is hoped that it will certainly be very helpful and can support the industry in itself because if we look at industrial companies that are already good, they will have good governance. Even though not all of them have implemented good governance, fraud still occurs, as happened in the case of other state-owned companies. For this reason, governance should be properly regulated after that we establish a working relationship with the Ministry of Deftoer to support the defense industry itself which has been running quite well so far as evidenced by the creation of Republic of Indonesia Warships such as the KRI Tarakan and KRI Kupang and now there are KRI performing maintenance and repairs.

This is due to the top from the Indonesian Navy to improve it at PT DKB, this is because it has been supported by officials and staff who are adequate and good, but regarding the expectation that PT DKB must provide even more improved services so that trust appears, it is hoped that in the future it will support the defense industry. If it is to support defense from the perspective of the Audit Committee, PT DKB is quite capable of supporting it, although not all of them have sufficient production equipment to support the productivity of PT DKB's services.

The implementation of GCG is also based on PT DKB's board of directors regulations concerning guidelines for the implementation of Good Corporate Governance (GCG). Based on these regulations, several explanations regarding the internal control system related to GCG are as follows:

- a) The internal control environment within the company is carried out in a disciplined and structured manner, consisting of:
 1. Integrity
 2. Management philosophy and style how which management carries out its responsibilities
 3. HR organization and development
 4. Directions from the directors
- b) Assessment of business risk management.
- c) Control activity.
- d) Information and communication systems.
- e) Monitoring.

Implementation of Good Corporate Governance at PT. DKB is inseparable from several internal obstacles that hinder the implementation of Good Corporate Governance. Obstacles related to the implementation of GCG stem from the opinion of the Internal Control System and the Audit Committee of PT. DKB. Next, points from the interview results are presented regarding the obstacles faced by PT. DKB in implementing Good Corporate Governance and the efforts made to overcome these obstacles are presented in table 2 as flows:

Table 2

Constraints and Efforts in Implementing Good Corporate Governance at PT. DKB

No	Constraints/Efforts	Result
1	Obstacles faced by PT DKB's Internal Control System in implementing Good Corporate Governance	1. The number of Internal Control System personnel is limited, namely only 3 compared to the broad scope of PT. DKB totaling 9 shipyards 2. The costs incurred to carry out internal audits and controls in each section require a large budget. 3. The Covid – 19 pandemic slightly reduced the activities of the Internal Control System work program.
4	Obstacles faced by PT DKB's Audit Committee in implementing Good Corporate Governance	Constraints by the Audit Committee: 1. Lack of corporate entity committed to the best for the company. 2. Personnel capability. 3. Financial to support efforts in realizing Good Corporate Governance. 4. Covid-19 pandemic.

5	Efforts of the Internal Control System in overcoming obstacles	<p>5. Lack of understanding from certain officials in governance regulations/guidelines.</p> <p>Internal Control System:</p> <ol style="list-style-type: none"> 1. Additional employees as a way to improve performance and audits while still maximizing the existing workforce. 2. Not all parts/shipyards will be internally audited by SPI. 3. Online meetings
6	The efforts of the Audit Committee in overcoming obstacles	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. The Commissioner/Audit Committee provides input so that internal control system guidelines are immediately made. 2. Follow up on assessment results Trainings are carried out because the Internal Control System is still lacking in training and adding new personnel to the Internal Control System. 3. The staff assists the audit committee in administrative matters. 4. Collaborating with the Financial and Development Supervisory Agency as an assessor for Good Corporate Governance.

Source: Processed by Researcher (2022)

Based on table 2, information is obtained regarding the obstacles and efforts in implementing GCG at PT DKB as follows:

1. Constraint

Internal Oversight Unit

- a) The number of Internal Control System personnel is limited, namely only 3 compared to the scope of PT. DKB, which has 9 shipyards, makes it very difficult for Internal Control System personnel to carry out internal audit divisions this limited personnel s.
- b) The costs incurred to carry out internal audits and controls in each section require a large budget because in addition to having 9 shipyards, on the other hand, not all of the shipyards are located on the island of Java, but in Sumatra and Kalimantan.
- c) The implementation of Work From Home during the Covid-19 pandemic reduced the activities of the Internal Control System work program a little, but for reports that had to be completed and urgent programs were still implemented.

Audit Committee

- a) Lack of commitment and desire from all corporate entities initially the best for the company. Commitment already exists but personnel does not fully understand and understand.
- b) The ability of officials and personnel who do not fully understand the rules of GCG itself.
- c) The general problem is the condition of the PT DKB company which is still not financed budgetary) possible to support efforts to realize GCG.
- d) Covid-19 pandemic.
- e) Lack of understanding from certain officials in governance regulations/guidelines for example, where 2 times the process of selecting a Public Accountant should go through the Board of Directors, commissioners together with the Audit Committee in this case the KAP selection process is behind the mechanism with a KAP candidate already appointed by shareholders without going through the approval of the commissioners with the Audit Committee and the directors.

2. Efforts to overcome obstacles

Internal Control System

- a) In overcoming the shortage of personnel, SPI requested additional employees as a way to improve performance and audits and continue to maximize the existing workforce considering the limited budget owned by the company.
- b) On the cost side, carrying out supervision of the entire shipyard will cost a lot of money. Therefore, not all parts/shipyards will be internally audited by SPI. Internal audits will be carried out on parts that are considered important or have significant material value, such as the finance division and production implementation in each potential shipyard to be audited.
- c) Covid. The achievement of GCG in 2020 was hampered by the co-19 pandemic. The effort to get around Covid is by doing Zoom when personnel is resting because they have to be WFH so that they remain as strong as possible carrying out their duties according to their respective job descriptions.

Audit Committee



- a) The Commissioner/Audit Committee provides input so that internal control system guidelines are immediately made
- b) Regarding corporate governance, an assessment has been carried out and a follow-up should be carried out immediately on the results of the assessment.
- c) About human resources, to empower and maximize existing personnel at PT DKB so that they can improve their abilities and performance effectiveness so that they are better, training is carried out because SPI is still lacking in training and the addition of new personnel at SPI.
- d) In the Audit Committee there is no staff to assist the Audit Committee in its operations related to correspondence, this administration makes it somewhat difficult for the activities of the Audit Committee itself because they have to handle administrative matters themselves.
- e) Collaborate with BPKP as a GCG assessor at PT DKB to be able to assess by providing AOI to PT DKB to continue implementing it as GCG evaluation material.

Constraints in the implementation of GCG are also based on PT DKB's board of directors regulations concerning guidelines for the implementation of Good Corporate Governance (GCG). Based on these regulations, there is an explanation regarding gratuity control. The Company's efforts to increase understanding of gratuity control policies/provisions, through:

- 1) Implementation of outreach and communication to the Board of Commissioners, Directors, and Employees of the Company.
- 2) Distribution of gratification control provisions and devices within the Company.
- 3) Dissemination activities regarding gratification control to the Company's stakeholders.

Every company must ensure that GCG standards are linked to every corner of the trade and at all levels of the company. GCG standards, especially the transparency, responsibility, obligation, freedom and fairness, and balance are needed to achieve the company's carrying capacity by taking into account partners. The Indonesian Institute for Corporate Governance (IICG) (2012) characterizes GCG as a structure, system, and form used by corporate organs to provide added value to the company in a sustainable manner in the long term while considering the interface of other partners based on standards, morals, culture, and rules. for the time being, agreed with the BUMN Position Statement Number. KEP-01/MBU/2011 Concerning the Use of GCG, to be precise, GCG is a standard that underlies a preparation and component for supervising companies based on laws and directives and trade morals. GCG framework is very important to run from now on:

- a. The proliferation of financial scandals and financial crises in the world;
- b. Loss of investor confidence in companies.
- c. Globalization encourages an increase in investment opportunities abroad, but investors are not well versed in the regulation of these investments;

According to the IFC Corporate Governance Methodology approach, Good Corporate Governance is built from five indicators, namely Commitment to Corporate Governance, structure and function of the board of directors, control environment and processes, transparency and disclosure, and rights of minority shareholders. This study relates how to implement Good Corporate Governance at PT Dok and Kodja Bahari (Persero) Jakarta to support the defense industry related to the sustainability of PT Dok and Kodja Bahari (Persero).

PT Dok and Kodja Bahari (Persero) need good Good Corporate Governance to be able to survive in the long term (sustainability) and be able to face increasingly fierce business competition. Currently, Indonesia is facing the industrial revolution 4.0, where all aspects are required to go digital. Top management as the leader of the company must be able to implement governance at the corporate level which includes the process by which company goals are set and carried out in the context of the social, regulatory, and market environment. This relates to practices and procedures to ensure that a company is run in a way that achieves its objectives while ensuring that stakeholders can have confidence that their trust in the company is being properly exercised. The implementation of good corporate governance will have an impact on the company's ability to compete in the market and a constantly changing business environment and to be able to survive in the long term (sustainability).

Good Corporate Governance is described as the processes and structures used to direct and manage the business and corporate affairs, to increase business prosperity and corporate accountability (Solomon, 2020). About the benefits of Good Corporate Governance, it can be seen from several sides, namely Transparency, Accountability, Responsibility, Independence, and fairness. Transparency relates to information disclosure both in the decision-making process and transparency when disclosing company performance information and other information related to the company. Accountability, namely the existence of clarity regarding the functions, structure, systems, and responsibilities of the company's organs to create effective and efficient company management. Responsibility regulates corporate responsibility toward the principles of a healthy company by applicable laws and statutory systems.

Independence is a condition where the company is managed professionally without conflict of interest and influence/pressure from management that is not by applicable laws and regulations and sound corporate principles. Fairness is also related to fair and equal treatment in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations (Lumentut, et. al., 2017).

The implementation of GCG at PT Dok and Kodja Bahari (Persero) makes coordination between parties such as the SPI division with the audit committee or the SPI division with other related divisions in terms of written report documentation. The SPI Division acts as an internal auditor and consulting for other divisions besides providing advice to the board of directors regarding the implementation of company operations. This is related to one of the principles of Good Corporate Governance, namely accountability which is interpreted as clarity regarding the functions, structures, systems, and responsibilities of the company's organs to create effective and efficient company management. This will have a positive impact on the company, especially related to corporate sustainability.

GCG implementation is also inseparable from resource factors to support GCG such as human resources, budgetary resources, and infrastructure. In the process of implementing GCG at PT Dok and Kodja Bahari (Persero), there are also obstacles related to these resources such as the limited number of human resources, the costs required are very large because there are 9 shipyards and they are not at just one point, then the application of WFH due to the pandemic which hinders coordination.

In connection with these obstacles, a process of coordination and integration of several parties, such as SPI and the audit committee, is needed for the smooth implementation of GCG. It is also necessary to pay attention to the effectiveness of the number of human resources as SPI while still paying attention to the costs incurred and the need for supporting devices that are connected to the network so that they can continue to coordinate in the event of unfavorable conditions such as the Covid 19 pandemic, which can also save costs in carrying out coordination.

In the process of moving towards GCG to support the defense industry, Good Corporate Governance at PT Dok and Kodja Bahari (Persero) must always be implemented to increase corporate sustainability. Good corporate governance is needed by PT Dok and Kodja Bahari (Persero). With the existence of Good Corporate Governance, the company will ensure that business policies have the right decision-making and control processes so that the interests of all stakeholders (shareholders, employees, suppliers, customers, and society) are balanced. The strength of a company depends on its ability to organize its various resources to achieve a goal (Morlian, 2016). Therefore, as policymakers, Top Management must carry out appropriate and systematic steps, so that PT Dok and Kodja Bahari (Persero) can continue to be in this business in the long term, the company can earn profits, and continues to increase profit growth from activities investments made over time.

This research is in line with the research by Putro et. al. (2022). Increasing Net Profit Of Soe Defense Industry Case Study At Pt. Pindad (Persero) states that the implementation of GCG at PT Pindad can be one of the factors that encourage an increase in the company's net profit. This is because the implementation of GCG can encourage the company's operational performance to be more efficient. Where this research discusses the implementation of GCG at PT Dok and Kodja Bahari (Persero) requires coordination between several parties to support the sustainability of the defense industry.

Further research by Saputro et. al. (2022) aims to analyze the capabilities of PT. LEN in developing defense technology in Indonesia. The research method used is a qualitative approach with source triangulation techniques (interviews, observations, FGDs, and documentation studies). From the results of the analysis using the 5M elements (man, material, machine, money & method) it was found that PT. LEN has 5 capabilities needed by the defense industry in developing defense technology in Indonesia. HR capabilities are built by competency standards through training, certification, and scholarship programs to the ability to produce defense products including communication systems, command and control systems, sensor systems, and training. Organizational Capability is built according to GCG principles to achieve the company's vision and mission. Technological and infrastructure capabilities come from internal sources, namely the design, production, and test facilities owned by PT Len, but do not rule out the possibility of using external technology in collaboration with other companies or institutions. The funding capability comes from the company's internal funding as well as R&D cooperation with other countries. Where this is related to this research that the implementation of GCG can support the vision of PT Dok and Kodja Bahari (Persero), namely "To become a leading shipping industry and offshore facilities company in the domestic market and compete in the regional market and provide benefits to Stakeholders" so that can increase the Sustainability of the defense industry.

Research by Maali et al. (2021), Crifo et al. (2019), and Aras & Crowther (2011) state that corporate governance has a positive effect on the company's sustainability performance. This reflects the importance of implementing governance at PT Dok and Kodja Bahari (Persero) to increase corporate sustainability as a defense industry. The research results have practical implications, namely, they can become a perspective in developing Good Corporate Governance policies at PT Dok and Kodja Bahari (Persero). Managers in deciding business policies must pay attention to all stakeholder interests (shareholders, employees, suppliers, customers, and society) and internal in a balanced



manner. Implementing good corporate governance properly will have an impact on good corporate performance and corporate sustainability can be achieved without conflict from various parties.

4. CONCLUSION

The implementation of GCG at PT DKB is quite good although some have not been implemented as example the Internal Control System before GCG still making reports that are not by the evaluation of the Audit Committee or other divisions in this case such as a lack of documentation or written reports, then after implementing GCG this is an obligation that must be carried out. Likewise, if there are matters related to problems that must be coordinated with the audit committee or other divisions, the Internal Control System makes a request letter in terms of coordination related to these problems.

The Internal Control System Division acts as an internal auditor and consulting for other divisions besides providing advice to the board of directors regarding the implementation of the company's operations. For divisions that have not carried out the company's work program reference, they will be guided until that section implements it according to the Internal Control System's suggestions, if it has not been implemented then it will be a finding by the Internal Control System which at that time acted as an internal auditor auditing these divisions to be reported to the directors. The shipyard will be routinely audited by internal auditors within the current year to avoid and minimize irregularities that occur. While the implementation of GCG at PT DKB still requires improvement and follow-up as a result of the Assessment results report, this requires support from all stakeholders and aspects of the company's organs, but the company still wishes to always work hard to make this happen.

Suggestions

Based on the results of the research, discussion, and conclusions above, several suggestions can be made consisting of practical suggestions, namely suggestions for other researchers to be able to conduct more in-depth research on the Role of Internal Control and the Audit Committee in realizing Good Corporate Governance at PT. DKB. It is suggested to further researchers be able to conduct research using the mixed method so that the research results are deeper.

Besides that, the results of this research are expected to provide benefits for stakeholders related to this research, namely: 1) The central government can be a reference or consideration in making policies related to the Development of Defense Industry SOEs. And it can be used as a policy paper for decision-making related to defense industry stakeholders. 2) For Defense Industry SOEs, it becomes a reference or consideration in the administration of clean and good governance. 3) For investors, to be a reference material or consideration for working capital loans.

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