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## **APPLICATION OF *GOOD CORPORATE GOVERNANCE* PRINCIPLES IN THE APPOINTMENT AND DISMISSAL OF BUMN BOARD OF DIRECTORS**

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### **Abstract**

The problem studied in this thesis concerns the application of good corporate governance (GCG) principles in the appointment of the President Director of PT Bank Tabungan Negara (Persero), Suprajarto, who previously served as Director Utama PT Bank Rakyat Indonesia (Persero), uses GCG theory and legal protection theory.

The method used in this research is normative legal research which is carried out as an effort to obtain the necessary data regarding the problem. The data used is secondary data and tertiary legal materials. Apart from that, primary data is also used as supporting legal material for secondary data. Data analysis was carried out using a qualitative juridical analysis method.

The results of the analysis are that GCG principles have been regulated in several laws and regulations in Indonesia, however the application of GCG in the appointment of the President Director of PT Bank Tabungan Negara (BTN) at the Extraordinary General Meeting of Shareholders (EGMS) on 29 August 2019 shows that there is a non-compliance with the principles. -GCG principles. The appointment of the President Director, Suprajarto, did not comply with the principles of transparency, fairness and responsibility, so that legal protection for the Directors concerned was not realized.

**Keywords:** Good Corporate Governance, Directors, BUMN.

### **Introduction**

Good corporate governance, better known as Good Corporate Governance (GCG), has become a hot topic throughout Indonesia. During the 1997 economic crisis, weaknesses in government and corporate governance in Indonesia were the cause of the worst economic conditions in the country. This prompted an agreement from various parties to rise from this downturn by starting steps for better governance, both in the government sector and private companies. To improve this situation, many steps can be taken by implementing Good Corporate Governance principles comprehensively in all sectors of society.

In its essence, Good Corporate Governance (GCG) is a system of regulation and control within a company which aims to create added value for all parties involved. There are two main aspects emphasized in this concept. First, the importance of providing correct and timely access to information to shareholders. Second, companies have an obligation to disclose information about company performance, ownership and stakeholders in an accurate, timely and transparent manner.

Good Corporate Governance helps create conducive and accountable relationships between elements within the company (board of commissioners, board of directors and shareholders) in order to improve company performance. Recent developments prove that it is not enough for management to simply ensure that the management management process runs efficiently. However, a new instrument is needed, Good Corporate Governance (GCG) to ensure that management runs well.

Good Corporate Governance (GCG) is needed to encourage the creation of markets that are efficient, transparent and consistent with statutory regulations. GCG is one of the pillars in the market economic system. GCG is closely related to trust in both the company that implements it and the business climate in a country.

Good Corporate Governance (GCG) as a system that directs and controls the company. The Indonesian Institute for Corporate Governance (IICG) defines GCG as the processes and structures implemented in running a company, with the main aim of increasing shareholder value in the long term while still taking into account the interests of other stakeholders. Apart from fulfilling the interests of shareholders, GCG is intended to ensure sustainability.

The definition of GCG according to the World Bank is the rules, standards and organizations in the

economic sector that regulate the behavior of company owners, directors and managers as well as the details and explanation of their duties and authorities and responsibilities to investors (shareholders and creditors). The aim is to create a system of checks and balances to prevent misuse of company resources and continue to encourage company growth.

The implementation of GCG encourages the creation of healthy competition and a conducive business climate. Therefore, the implementation of GCG by companies in Indonesia is very important to support sustainable economic growth and stability. The implementation of GCG is also expected to support the government's efforts to uphold good corporate governance in Indonesia. Currently the government is trying to implement good corporate governance in order to create a clean and authoritative government.

Good Corporate Governance or Good Corporate Governance is a procedure for managing a company that applies the principles of openness, accountability, responsibility, independence and fairness. Good governance requires establishing and implementing these principles in the managerial process. Through the application of universal principles, it is hoped that it can guarantee the sustainability and achievement of company performance, so that the company can provide benefits to all stakeholders.

In implementing GCG, there are differences in implementation in each country, this is caused by various factors, including the legal framework, as well as things that are not written down but have a tremendous influence on the level of success in implementing the principles of good governance.

The implementation of GCG in each country is largely determined by the economic, legal, ownership structure, social and cultural systems. Regarding the economic system, GCG cannot be implemented partially, but must be carried out together. The development of the capital market and financial sector, especially the banking sector, greatly influences the effectiveness of GCG implementation. Apart from these factors, the implementation of GCG is determined by three pillars: the state and its apparatus as regulator, the business world as market players, and society as users of the business world's products and services.

The Indonesian Institute for Corporate Governance (IICG) in 2001, revealed several principles for implementing good corporate governance that apply internationally as follows:

1. The rights of shareholders, who must be given correct and timely information about the company, can participate in company decision making, and share in the company's profits.
2. Equal treatment of shareholders, especially minority shareholders and foreign shareholders, with disclosure of important information and prohibiting distribution to one's own parties and insider trading.
3. The role of shareholders must be recognized as stipulated by law and active cooperation between the company and its stakeholders in creating prosperity, employment opportunities and a healthy company from a financial aspect.
4. Accurate and timely disclosure and transparency regarding all matters that are important for company performance, ownership and stakeholders.
5. Responsibility of management, management supervision, and accountability to the company and shareholders.

BUMN is also required to implement the principles of Good Corporate Governance, stated in the Minister of BUMN Regulation Number PER-2/MBU/03/2023. In Article 3 Paragraph (1) it is stated that BUMN is obliged to apply the principles of Good Corporate Governance in carrying out business activities at all levels or levels of the organization.

Principles of Good Corporate Governance include:

1. Transparency, namely openness in carrying out the decision-making process and openness in disclosing material and relevant information about the company;
2. Accountability, namely clarity of function, implementation and accountability of Persero Organs/Perum Organs so that company management is carried out effectively;
3. Responsibility, namely conformity in company management to the provisions of laws and regulations and healthy corporate principles;
4. Independence, namely a situation where the company is managed professionally without Conflicts of Interest and influence/pressure from any party that is not in accordance with the provisions of laws and regulations and healthy corporate principles; And
5. Fairness, namely fairness and equality in fulfilling stakeholder rights arising based on agreements and statutory provisions.

The application of GCG principles to BUMN aims to:

1. optimize the value of BUMN so that the company has strong competitiveness, both nationally and internationally, so that it is able to maintain its existence and live sustainably to achieve the aims and objectives of BUMN;
2. encourage the management of BUMN in a professional, efficient and effective manner, as well as empowering the functions and increasing the independence of Persero Organs/Perum Organs;
3. encourage Persero Organs/Perum Organs to make decisions and carry out actions based on high moral values and compliance with statutory regulations, as well as awareness of the social responsibility of BUMN towards Stakeholders and environmental sustainability around the BUMN;
4. increase the contribution of BUMN to the national economy;
5. improving a conducive climate for the development of national investment.

What the author is researching is the case of the appointment of the President Director of PT Bank Tabungan Negara (Persero), Suprajarto, who previously served as President Director of PT Bank Rakyat Indonesia (Persero). The appointment was through the Extraordinary General Meeting of Shareholders (EGMS) of PT Bank Tabungan Negara (Persero) on 29 August 2019, while his dismissal as President Director through the EGMS of PT Bank Rakyat Indonesia (Persero) was only held on 2 September 2019. The author saw that there was neglect The principle of Good Corporate Governance in this appointment was because Suprajarto himself did not know about his appointment at PT Bank Tabungan Negara (Persero). The plan to dismiss a member of the BUMN Board of Directors before the end of their term of office must be notified in advance to the relevant member of the BUMN Board of Directors orally or in writing by the Minister. In the event that the Minister does not provide the notification, the Minister by this Ministerial Regulation authorizes the deputy with the right of substitution to carry out the notification in question. However, in this case, Suprajarto did not even know about his planned appointment. Apart from that, instead of being promoted to a higher position than before, Suprajarto could be said to have stepped down from Suprajarto's previous position. In 2019, Bank BTN was in the BUKU 3 classification, while Bank BRI was in the BUKU 4 classification. With this it can be seen that Suprajarto's appointment from previously serving as President Director of Bank BRI to become President Director of Bank BTN was not a promotion, on the contrary, it was a downgrade. .

The previous research related to the title that the author adopted, namely:

1. Abubakar Renhoat. Good Corporate Governance in Law Number 40 of 2007 concerning Limited Liability Companies at PT. Waiame (Persero) Ambon Dock and Shipping. Thesis. 2019. Jayabaya University.
2. Arief Rachman. Legal Responsibilities of Internal Audit in Realizing Good Corporate Governance According to Law Number 40 of 2007 concerning Limited Liability Companies. Thesis. 2018. Jayabaya University.
3. Novia Elita. Unfair Business Competition Is Associated With Good Corporate Governance Policy in Indonesia. Thesis. 2017. Jayabaya University.

The difference between the studies above and what the author will discuss is that the author discusses the principles of Good Corporate Governance as a whole and specifically discusses the appointment of the President Director of PT Bank Tabungan Negara through the Extraordinary General Meeting of Shareholders (EGMS) of PT. State Savings Bank (Persero) on August 29 2019.

On this basis, the basic implementation of Good Corporate Governance (GCG) in the appointment and dismissal of BUMN Directors should really be implemented well. Therefore, the author raises a thesis entitled "APPLICATION OF GOOD CORPORATE GOVERNANCE PRINCIPLES IN THE APPOINTMENT AND DISMISSAL OF BUMN BOARD OF DIRECTORS" .

## Method

The type of research that the author uses is normative legal research. Normative research makes it possible to utilize the findings of empirical legal science and other sciences for legal purposes and analysis and explanation, without changing the character of legal science as a normative science. Normative legal research examines library materials or secondary data, which may include primary, secondary and tertiary legal materials.

## Results and Discussion

Legal Aspects of Good Corporate Governance in the Appointment and Dismissal of BUMN Directors and Their Application in the Appointment of the Main Director of PT Bank Tabungan Negara through the EGMS on 29 August 2019

1. Legal Aspects of Good Corporate Governance in the Appointment and Dismissal of BUMN Directors

a. Law Number 40 of 2007 concerning Limited Liability Companies

In the Limited Liability Company (PT) Law, the principles of Good Corporate Governance (GCG) are accommodated in general without explicit details. However, the aim of the GCG principles included in the PT Law is to improve company performance, maintain business sustainability, and involve the interests of all related parties.

In the PT Law, the role of the Board of Commissioners is emphasized as a supervisory function over the Board of Directors. The existence of provisions regarding Independent Commissioners who must fulfill independence requirements without financial or business ties to the company is in line with GCG principles regarding the importance of independent supervision to ensure transparency and accountability.

The rights of shareholders are clearly regulated, including the right to attend the General Meeting of Shareholders (GMS) and the right to elect or dismiss members of the Board of Directors or Board of Commissioners. Providing control to shareholders is in accordance with GCG principles which emphasize the protection of shareholder rights.

The holding of the GMS and the requirements for making decisions are regulated according to procedures that support transparency and shareholder involvement, in line with GCG principles. The PT Law gives the Board of Directors the authority to manage the company while ensuring compliance with applicable regulations, reflecting GCG principles regarding the role of the Board of Directors in achieving company goals ethically and sustainably.

The company's obligation to provide accurate and clear information to shareholders supports the GCG principles of transparency and openness of information to stakeholders. In addition, the PT Law regulates the preparation and audit of company financial reports, in accordance with GCG principles which emphasize accountability and fairness in financial reporting.

Although the PT Law does not directly regulate GCG, many companies implement a Code of Ethics and Values as part of their GCG practices. This Code of Ethics and Values supports a positive and ethical GCG culture in the organization. This analysis shows that the PT Law in Indonesia generally reflects GCG principles, especially in the aspects of transparency, accountability and protection of the rights of shareholders and other related parties. However, GCG implementation does not only depend on regulations, but also on practices and culture within the company itself.

b. Law Number 19 of 2003 concerning State-Owned Enterprises

The BUMN Law is designed to create a management and supervision system that focuses on efficiency and productivity, with the aim of increasing the performance and value of BUMN and preventing acts of exploitation outside the principles of good corporate governance.

The BUMN Law emphasizes the importance of the Supervisory Board and Directors as the main organs holding responsibility for management and supervision, in accordance with GCG principles which encourage the separation of functions between supervision and company management. Article 16B of the BUMN Law orders BUMN to implement GCG principles, including aspects of transparency, accountability, responsibility, independence and equality of shareholder rights. This obligation is in line with the essence of GCG principles.

The BUMN Law emphasizes the obligations of BUMN in implementing GCG principles, while emphasizing that BUMN must be legally and ethically responsible. This reflects the GCG principle which places responsibility and accountability as the main basis. Article 16C of the BUMN Law regulates procedures for the selection, assessment and evaluation of key BUMN officials, including performance evaluation related to the implementation of GCG, in line with GCG principles which emphasize selection and evaluation based on competence and integrity.

The BUMN Law orders BUMN to have an effective internal control system, including risk management and compliance with laws and regulations. Strong internal control is a key element in GCG principles. Article 3B of the BUMN Law recognizes the right of BUMN workers to participate in company management and obtain rights and obligations in accordance with statutory regulations, in line with GCG principles which respect stakeholder participation in decision making. Article 3C of the BUMN Law regulates the obligation of BUMN to carry out regular performance monitoring and evaluation, supporting GCG principles which emphasize the need for continuous performance evaluation.

Overall, Law Number 19 of 2003 concerning State-Owned Enterprises provides a solid legal basis for implementing the principles of Good Corporate Governance in BUMN in Indonesia. By regulating organizational structure, selection of key officials, transparency obligations, and other GCG elements, this law supports efforts to improve good corporate governance in the BUMN sector.

c. Regulation of the Minister of State for State-Owned Enterprises Number PER-01/MBU/2011

concerning the Implementation of Good Corporate Governance in State-Owned Enterprises

Regulation of the Minister of State for State-Owned Enterprises Number PER-01/MBU/2011 was prepared with the aim of providing guidance and legal basis for State-Owned Enterprises (BUMN) in implementing the principles of Good Corporate Governance (GCG). This document firmly emphasizes BUMN's obligation to comply with GCG principles, which include transparency, accountability, responsibility, independence and equality of shareholder rights. These principles are in line with international norms regarding Good Corporate Governance.

Within the framework of the BUMN governance structure, this regulation regulates the formation of organs such as the Board of Commissioners, Directors and Technical Implementation Unit. This approach is in accordance with GCG principles which encourage the separation of supervisory and company management functions. In addition, the regulations determine the criteria and conditions for becoming a member of the Board of Commissioners, including requirements for Independent Commissioners, which supports GCG principles regarding independence and expertise in supervision.

Procedures for selecting and dismissing members of the Board of Directors are also regulated, by establishing standards of propriety and integrity. This is in line with GCG principles which emphasize selection based on individual competence and integrity. The existence of provisions requiring subsidiary BUMNs to implement GCG in accordance with applicable regulations reflects the need for consistent implementation of GCG across all BUMN entities.

Regulations emphasize the importance of transparency and disclosure of information to the public, in accordance with GCG principles which encourage information disclosure to stakeholders. There is also a mechanism for evaluating the performance of the Board of Commissioners and Directors as well as reporting on GCG implementation, illustrating a commitment to GCG principles which emphasize continuous monitoring and improvement. In addition, this regulation stipulates sanctions for violations of GCG provisions, including the formation of an independent inspection team. This sanction is in accordance with GCG principles which emphasize accountability and enforcement of rules as an integral part of Good Corporate Governance.

Thus, Regulation of the Minister of State for State-Owned Enterprises Number PER-01/MBU/2011 provides a solid legal foundation to encourage the implementation of GCG principles in SOEs in Indonesia, with a focus on transparency, accountability and protection of shareholder interests.

d. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises

Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises (BUMN) reflects a commitment to improving good corporate governance (GCG) in scope of BUMN. In this Regulation, GCG is considered as the basic principles in managing a company, which must be adhered to by paying attention to statutory regulations and business ethics. BUMN is required to consistently and continuously implement GCG in accordance with the guidelines contained in this Ministerial Regulation, while paying attention to the applicable regulations, norms and articles of association of BUMN.

This regulation provides governance guidelines for BUMN which include general GCG principles, such as transparency, accountability, responsibility, independence and equal rights of shareholders. These principles are in line with international standards regarding GCG. In addition, this regulation details the criteria for members of the Board of Commissioners, including the requirement that Independent Commissioners must meet independence standards. This is in line with GCG principles which emphasize independence in the supervisory function. The process for selecting and dismissing key officials, such as the Board of Directors, is carefully regulated, with the criteria of appropriateness and integrity as the basis, in accordance with GCG principles which emphasize expertise and integrity.

This regulation provides guidance regarding the governance of BUMN ownership and emphasizes the importance of transparency in the management of BUMN shares and assets, in line with GCG principles regarding information disclosure and protecting shareholder rights. In addition, there are provisions governing risk management procedures in BUMN, reflecting aspects of GCG which emphasize the importance of effective risk management and in accordance with the precautionary principle.

This regulation also explains the criteria and procedures related to corporate activities that are considered significant, supporting the GCG principles of transparency and shareholder involvement in the company's strategic decisions. Internal control and internal audit are regulated in detail, reflecting the importance of this mechanism in supporting GCG principles which emphasize accountability and

compliance with regulations. The importance of sustainability is emphasized in this regulation by including environmental, social and governance (ESG) aspects in company policies and strategies. This step is in line with the global trend of considering sustainability aspects in GCG practices.

Thus, the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-2/MBU/03/2023 provides a solid legal basis for implementing GCG principles in BUMN, with an emphasis on transparency, accountability and sustainability.

## 2. Implementation of Good Corporate Governance in the Appointment of the President Director of PT Bank Tabungan Negara through the EGMS on 29 August 2019

The author will analyze the application of good corporate governance (GCG) principles in the appointment of the President Director of Bank BTN through the EGMS on 29 August 2019 based on each of the principles contained in the GCG principles, namely:

### a. Principle of Openness (Transparency)

Suprajarto, who previously served as President Director of Bank BRI, found himself suddenly appointed as President Director of Bank BTN. This appointment caused surprise, especially because it did not comply with the principles of openness and transparency in Good Corporate Governance (GCG). This decision was taken at the Extraordinary General Meeting of Shareholders (EGMS) on 29 August 2019. The significance of openness in the process of appointing key bank officials, especially in the context of GCG, is to ensure that the decision is based on objective considerations, competence and integrity. However, in Suprajarto's case, his appointment as President Director of Bank BTN without prior notification raises questions about the selection process and criteria used.

Suprajarto's experience and performance while leading Bank BRI should be the main consideration in his appointment. However, the lack of transparency regarding the process caused doubts among stakeholders, especially because Suprajarto admitted that he had never been communicated with or given prior information regarding his appointment. GCG principles which emphasize openness and transparency are crucial to ensure that company decisions are based on fair and objective considerations. In the banking sector, where the trust of shareholders and the public is very important, the process of appointing key officials must involve steps that are open, fair and accountable.

Suprajarto's appointment as President Director of Bank BTN, without his prior involvement and without transparency in the process, creates serious concerns regarding the integrity and reputation of the financial institution. In the effort towards good corporate governance, the application of GCG principles, including openness in strategic decision making, is very important to ensure continuity and trust in the banking industry.

Satjipto Raharjo's theory explains that the presence of law in society, among other things, is to integrate and coordinate interests that could collide with each other. The law is integrated in such a way that these collisions can be reduced to a minimum. The law protects a person's interests by allocating a power to him to act in the context of his interests. This allocation of power is carried out in a measurable manner, meaning its breadth and depth are determined. Such power is called a right. Law represents the highest authority to determine human interests that need to be protected and regulated.

From the theory regarding legal protection explained by Satjipto Raharjo, the author concludes that law exists to protect people's interests by coordinating and allocating power in a measurable manner, this power is called rights. Coordination and allocation of power to protect these interests/rights can be realized by creating valid regulations as a benchmark that this protection must be carried out (forced). An interest is the target of a right, not only because it is protected by law, but also because there is recognition of it. With regulations made by the State, the State has provided legal protection, other parties (society) must respect and implement these rules so that legal protection is realized. If someone violates it, it means violating the rights that should be obtained by the protected subject.

The previous sub-chapter has discussed and analyzed the regulations governing Good Corporate Governance Principles in it. The regulation of Good Corporate Governance Principles in Indonesian legislation shows that the State has carried out its part in legal protection, namely making regulations as a form of legal protection. This is to coordinate interests so that they do not collide and protect the rights of the subjects regulated therein.

Based on the theory of legal protection according to Sajipto Rahardjo, the appointment of the President Director of PT Bank Tabungan Negara (BTN) involving Suprajarto needs to be analyzed in the context of violations of the principles of good corporate governance (GCG). The theory of legal protection, as proposed by Sajipto Rahardjo, emphasizes the importance of providing protection for individual rights, including rights in the context of company law. In this case, the legal protection aspect can be seen from several perspectives.

First, based on BUMN Ministerial Regulation Number 03/MBU/02/2015 and BUMN Ministerial

Regulation Number 03/MBU/03/2023 Article 68, Suprajarto should have clearly received information regarding his dismissal as Main Director. One of the principles of good corporate governance is the principle of transparency, namely the obligation to provide information that is open, delivered in a timely manner and easy to understand. Through this transparency/openness, interested parties can obtain information regarding their rights, including the right to obtain clear information, the right to vote in company decisions, and to be involved or participate in decision making.

The right to know and obtain this information is part of one's rights as an individual that must be protected. In this case, the minister was given authority as the GMS. At the Bank BTN EGMS meeting on xxx, it was decided to appoint Suprajarto as Main Director of Bank BTN, who was previously the North Director of Bank BRI. In regulation xxx, the Directors are actually given the right and opportunity to defend themselves, but in this situation even Suprajarto did not know about his appointment. In this case, Suprajarto should also be given the opportunity to defend himself regarding this decision.

The right to defend oneself is an important aspect in providing procedural justice to individuals involved in a company management decision. However, in the context of this case, it appears that Suprajarto learned of his appointment through the media and not through the company's internal mechanisms. The lack of advance notice and opportunity to defend themselves creates a mismatch in the legal protections that should be afforded to individuals affected by corporate decisions. Apart from violating the principle of transparency, it also means that legal protection for Suprajarto is not realized. The law has protected by giving the Directors the right to defend themselves, but if this protection (the right to defend themselves) is not implemented, the legal protection that has been regulated will not be realized.

Second, the presence of the principles of good corporate governance in the regulations for companies to carry out their business also includes legal protection that limits and protects interests so that they do not collide and minimizes this possibility. Suprajarto's appointment as President Director of Bank BTN, which at that time was classified as BUKU III, whereas previously he served as President Director of Bank BRI, which at that time was classified as BUKU IV, shows a discrepancy or violation of the fairness principle. The principle of fairness, in essence, is applying the principle of equality and fairness to all parties who have an interest in the Company. This principle also applies to individuals who have high competence, enthusiasm and dedication to contribute to the Company.

The principle of good corporate governance itself exists as legal protection. If this principle is not fulfilled, legal protection will not be realized, the interests mentioned above will clash with each other, there will be no boundaries and protection for these interests. With the change in position from previously a better classification to a lower one, seen from the BUKU classification of each Bank, from BUKU IV to BUKU III. This can be called a downgrade of position, and this violates the principle of fairness mentioned above. This downward change in position violates the rights given to the Directors concerned and does not realize the legal protection that has been regulated by the State.

Third, the principle that is not fulfilled is also the principle of responsibility. By not implementing the principle of transparency and the principle of fairness, the principle of responsibility also becomes unfulfilled, because the principle of responsibility is to ensure that the business runs in accordance with applicable regulations. This principle of responsibility ensures that the Company's management complies with applicable laws and regulations, seeking partnerships with all stakeholders within the boundaries of laws and regulations and sound business ethics. GCG principles are clearly regulated in statutory regulations. If even one of the five existing GCG principles is not implemented, it can be said to be inconsistent with existing regulations and violates the principle of responsibility. Even though the state has provided protection by regulating the rules for carrying out company activities in accordance with GCG principles. However, in this condition legal protection has not been realized or achieved.

Fourth, Financial Services Authority (OJK) Regulation Number 55/POJK.03/2016 and OJK Regulation Number 17 of 2023 give the OJK the authority to impose administrative sanctions on companies that do not implement the principles of good corporate governance. Even though OJK has an important role in ensuring company compliance with GCG principles, in this case it appears that no sanctions were given to PT Bank Tabungan Negara or PT Bank Rakyat Indonesia. The author believes that this could happen because the obligation for banks to provide a report to the OJK, which also contains a good corporate governance report, is once a year, or what is usually called an annual report, so if it is accumulated per year, the percentage of good corporate governance that is fulfilled is also still OK, so no sanctions will be given by the OJK. However, this still means that the legal protection that has been regulated cannot be realized. OJK should monitor the implementation of good corporate governance principles in detail in order to realize legal protection.

In essence, regulations that provide legal protection already exist, but are not optimal and in this case legal protection has not been realized due to implementation that is not in accordance with GCG principles. Regarding

Suprajarto's response of immediately holding a press conference and resigning, this can be interpreted as an individual step to protect his reputation and as a form of personal accountability. However, gaps in the company's internal legal protection mechanisms indicate the potential for improvements in the good corporate governance system.

### Conclusion

1. Overall, existing regulations provide a solid legal foundation for implementing GCG principles in BUMN in Indonesia. By referring to the PT Law, BUMN Law, and BUMN Ministerial Regulations, company management is expected to be more transparent, accountable, and prioritize the interests of shareholders and other stakeholders. These steps are a real effort to improve good corporate governance and are in line with developments in global GCG practices. The implementation of Good Corporate Governance (GCG) in the appointment of the President Director of PT Bank Tabungan Negara (BTN) at the Extraordinary General Meeting of Shareholders (EGMS) on 29 August 2019 also shows a non-compliance with GCG principles. The appointment of the President Director, Suprajarto, does not comply with the principles of transparency, fairness and responsibility.

2. The state has provided legal protection by making laws and regulations in such a way, but with inappropriate implementation, these protected rights cannot be achieved, thereby making legal protection not materialized. In this case, the Director in question (Suprajarto) did not have the right to obtain information regarding company decisions relating to his appointment & dismissal and also did not have the right to defend himself. By not obtaining these rights, legal protection for the Directors concerned will not be realized.

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