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Corporate Governance and Sustainability in Indonesia

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Abstract

This paper aims to provide a review concept regarding the relationship between corporate governance and corporate sustainability in Indonesia. This paper examines the mechanisms and guidelines for implementing good corporate governance. This research used the literature review method and explores some effective corporate governance principles such as transparency, accountability, responsibility, independence, fairness, and equality to achieve business sustainability in Indonesia's setting. The results show that good corporate governance regulation in Indonesia has been improved, but the enforcement is still needed to be optimized because good corporate governance will positively impact corporate sustainability. Thus, sustainability requires more corporate innovation because sustainability is about how a company can create profits and value-added to society through corporate social responsibility (CSR) programs and how the company can contribute to the preservation of nature and the environment. In Indonesia, the board of directors, the board of commissioners, and the audit committees are positively related to CSR disclosure. Thus, leadership and management efforts are crucial. However, to comprehensively support the synergy of implementing good corporate governance, we need the role of the state, the business community, and society. This study provides important insights into the implementation of good corporate governance in achieving corporate sustainability in Indonesia.

Keywords: Good Corporate Governance, Sustainability, Indonesia

JEL Classification Code: G34, L25, Q56

1. Introduction

The corporate governance (CG) mechanism is considered to be able to mitigate agency problems because the issue about agency problem is indicated by the presence of incentives from managers to advance their interests at the expense of shareholders' interests (Shleifer & Vishny, 1997). Therefore, corporate governance is closely related to public trust in companies and the country's business climate. It can be said that corporate governance is one of the foundations of a market economic system to achieve success.

Furthermore, an organization's success is marked by its trust and commitment to the resulting solutions and not finding fault when the failures occur. This commitment brings out the core values of leadership that can create added value for the company. To create added value, there must be a value system in the organization to create high trust and human resource development embedded in each side of the organization to create real value (Prahalad, 1994). Thus, corporate governance is needed to create value and must be the company's main concern.

In several countries, greater attention to corporate governance has been triggered by the scandals of leading public companies in the United States and Europe, such as Enron and Worldcom (Mukhtaruddin et al., 2018). Cadbury's report stated that the collapse of public companies was due to the failure of strategy and fraudulent practices by top management, which lasted indefinitely and over a long period and was compounded by independent oversight of the board directors (Jones & Pollitt, 2004. Therefore, according to Hopt (2013), ineffective corporate governance is one factor that can trigger crises in a company.

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Two driving factors that guide corporate governance implementation are ethical and regulatory encouragement (Wulandari, 2015). The ethical drive is related to the desire to carry out business practices that prioritize its survival and stakeholders' interests, and avoid creating temporary profits (Abdullah & Valentine, 2009). This impetus indirectly comes from the desire and awareness of individual business people. Meanwhile, regulatory-driven law is held to have an indirect "coercive" effect for companies to comply with the prevailing laws and regulations, so that their proper implementation can impact state-level economic growth (La Porta et al., 2000).

Both drives are oriented towards creating healthy business conditions and environments. The hope is that a healthy business environment will create a sustainable company condition. What is more, currently, the company's business is getting more complex, so it is also responsible for delivering the sustainability agenda (Amran et al., 2014). Therefore, the effective implementation of corporate governance is needed to carry out monitoring to achieve sustainability and legitimacy (Hussain et al., 2018). Apart from that, effective implementation can also boost the company's financial performance, which is confident that this will have a desirable impact on the company (Jo & Harjoto 2011). Research conducted on companies in Indonesia shows that one of the determinants of corporate governance's impact on its financial performance is its size and the audit committee. (Herdijono & Sari, 2017). The argument is that the number of boards of directors can affect the effectiveness of relationships with outside parties, so that it has an essential role in improving corporate governance. Besides, the right number of board of directors will encourage effectiveness in creating strategies in the short or long term of its financial performance (Coles et al., 2008). The board of directors can be used for monitoring and supervision functions in carrying out their responsibilities accordingly. Meanwhile, an independent audit committee with financial expertise can help oversee financial reports, external audits, and an internal control system to reduce agency conflicts (Bouaziz & Triki, 2012).

Even the internal and external corporate governance mechanisms can trigger companies to move (Sapra et al., 2014). Innovation for companies is needed to create a sustainable company condition. The company's internal mechanism consists of the ownership structure and its control structure, while the external mechanisms are rules or regulations, and the market is for company control (Lins & Warnock, 2004). However, the market for corporate control (hostile takeover) is rare in Indonesia. From Enron's case, we learned that Enron had an excellent innovation program, but did not have core values. This lack of values led to one of the biggest bankruptcies in modern corporate history. Therefore, the company creating these values cannot be separated from its employees; they is an interrelated continuity to create a strong commitment to realizing the company value (Thomas, 2002).

The embodiment of corporate values is reflected in a sustainable company program (sustainability) through a tangible form where the company, not only thinks about how to generate profit (profit), but is also able to provide added value to society (people), preserve nature and the environment (planet), develop and prosper together (prosperity) and can become a partner for the community (partnership) (Palmer & Flanagan, 2016). One way to achieve a company's success is to have good corporate governance and care about society and the environment. According to Li et al. (2020), ineffective governance will hinder its investment in the surrounding environment. This will impact the long term, so the company must survive and become a sustainable company (sustainability).

2. Literature Review

2.1. Good Corporate Governance

Corporate governance is defined as a set of rules governing the relationship between shareholders, company management, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations. The term 'corporate governance' was first introduced by the Cadbury Committee in England in 1922, in its report, the Cadbury Report (Jones & Pollitt, 2004). Furthermore, the term 'good corporate governance' (GCG) was popularized by Robert I. Tricker in 1984, which is an effort to improve systems, processes, and a set of regulations in the management of an organization that essentially regulates and clarifies relationships, authorities, rights, and obligations of all stakeholders, both the board of commissioners and the board of directors (Conyon, 2009).

According to Solikhah et al. (2020), good corporate governance is rules, standards, and organizations in the economic field that regulate the behavior of company owners, directors, and managers, thus, assuring investors that the leadership will run the company efficiently as reflected in the company's share price. Good corporate governance's main objective is to achieve checks and balances, namely, the harmony between the control system and balance, which is sought to prevent misuse of company resources and encourage company growth (Wibowo, 2010). In line with the agency theory, which deals with a principal and company agent's existence, the principal will delegate the agent to make decisions (Jensen & Meckling, 1976). Thus, good corporate governance can help reduce information asymmetry and reduce agency costs (Djokic & Duh, 2016). Reduced agency costs can increase company revenues because company activities become efficient, and of course, can increase firm value (Rusmanto & Lisal, 2019).

Organizational governance can be seen in the context of the organization's internal mechanisms or external organizational mechanisms. The internal mechanism focuses more on how an organization's leadership regulates the organization's operations following the principles of GCG. In contrast, the external mechanism emphasizes how the organization's interactions with external parties run in harmony without neglecting organizational goals (Siboro, 2007). Crifo et al. (2019) state that corporate governance refers to a set of components (systems) controlled and organized to run its business. These components include the process and structure and various participants, such as the board of directors, the board of commissioners, investor relations, and other stakeholders. Process and structure are mechanisms or technical aspects needed to control and coordinate various running the company's business. In more detail, the process will regulate the participants' series of actions, while the structure will determine how participants relate to other participants (Weitzner & Peridis, 2011).

The process is used to direct and manage planned business activities to achieve company goals, align company behavior with expectations from society, and maintain company accountability to shareholders (Kolk, 2008). In addition to shareholders, according to stakeholder theory, companies also need to be accountable to other parties who can influence the achievement of company goals (Freeman, 2010). So, this is in line with the stakeholder theory, which states that companies must carry out accountability for stakeholders that can be done by voluntarily disclosing information that exceeds stakeholder expectations (Prahalad, 1994). The structure will specify the distribution of rights and responsibilities among the various participants in the organization, such as the board of commissioners, managers, shareholders, and other stakeholders, and explain the rules and procedures for decision-making in corporate relations.

Good corporate governance can also regulate and control the company to create value-added for all stakeholders (Prahalad, 1994). In this concept, the critical point is the rights and obligations of each participant. The first is the right for shareholders to obtain information accurately and timely and an obligation on the company's side to disclose accurately, timely, and transparently all information on company performance, ownership, and company stakeholders (Kaihatu, 2006). From the explanation above, it can be concluded that good corporate governance is a system that controls and coordinates various participants in running the company's business to show accountability and corporate responsibility (Radcliffe et al., 2017). In addition, corporate governance assures stakeholders that they get accurate and transparent information on any information about company performance, ownership, and decision-making (Keasey et al., 2005).

The company implements good corporate governance by increasing morale, accountability, fairness, transparency, and responsibility. Improve the company's management and control to ensure that law and finance standards operate within a governance framework that is regulated based on laws and regulations and the company's articles of association. In general, Indonesia's good corporate governance system includes company financial reports, shareholders' general meetings, the board of commissioners, the board of directors, independent commissioners, and the audit committee (Wibowo, 2010).

2.2. Sustainability

The current sustainability concept talks about sustainability on environmental issues and talks about sustainability in business practices (Milne et al., 2009). Sustainability can be interpreted as a development that can meet current needs without sacrificing future needs by considering carefully and paying attention to resource conservation (Amacha & Dastane, 2017).

Currently, the concept of sustainable development agenda has become a concern of companies in many countries. With the increasing awareness and demand for sustainability, sustainability has become a mainstream business practice (Milne et al., 2009). Companies that consider sustainability will rationally use existing resources to achieve eco-efficiency and social justice (Martins et al., 2019). Companies can achieve sustainable development through business performance that considers the concept of sustainability (Escrig-Olmedo et al., 2017). Even the sustainability concept in companies can be applied with organizational change and adaptation (Linnenluecke & Griffiths, 2010). However, the thing to remember is that achieving corporate sustainability value cannot be guaranteed solely from the company's good financial condition only (Burhan & Rahmati, 2012). Thus, sustainability is one of the business keys that need to be considered to create competitive value and achieve competitive success (Bansal, 2005). In addition, sustainability in the company is also expected to increase managerial competence and company efficiency (Manetti, 2011).

We can see how fast the business develops and the dynamics of modernization, so sustainability is very relevant to current business performance (Fakir & Jusoh, 2020). With modernization, innovation occurs in all aspects of companies that were founded with the primary orientation of how to create a maximum profit so that they tend to ignore the condition of the planet's ecosystem. So, in its development, the concept of Triple Bottom Line (TBL) accounting emerged, which put forward the idea that the company was not only looking for profit, but also had to pay attention to the condition of society (people) and also

most importantly the balance of nature and its environment (planet) (Hussain et al., 2018). So, it is no wonder that many multinational companies are now starting to pay attention to sustainability-oriented innovation (Harymawan et al., 2020). Companies can do this by disclosing information on social and environmental responsibility transparently (Fatchan & Trisnawati, 2016). The concept of sustainability and triple bottom line consists of climate change, environmental management and systems, human resource management, corporate governance, stakeholder engagement, social responsibility, and accountability (Amacha & Dastane, 2017).

This concept was later developed in accounting to become the embodiment of sustainable financial reports (sustainability reporting) because, currently, the provision of financial information is not sufficient and less relevant for stakeholders in making decisions. The principles, standards, and implementation of the company's sustainability reporting are contained in the GRI Sustainability Reporting Guidelines (Hapsoro & Fadhilla, 2017). According to legitimacy theory, companies that disclose financial, social, and environmental information as an act of legitimacy for their actions can change public perceptions and expectations (Gray et al., 1995). This theory emphasizes that the company tries to make its activities acceptable by the community as something legal.

Sustainability Reporting can help companies identify economic, social, and environmental impacts and share information with stakeholders, including regulators and the wider community (Usman, 2020). This is because sustainability reporting can be evidence for sustainable business practices known as corporate identity (Amran et al., 2014). However, on the other hand, sustainability reporting is also criticized as only a means for companies to image and divert public attention from ethical and moral issues (Bansal, 2005). However, due to economic reasons, many companies have also started to pay attention to and consider sustainability reporting after conducting their cost and benefit analysis (Cormier & Magnan, 2015). When analyzed according to signaling theory, sustainability reporting is also used as a means for companies to signal to investors that the company has a profit so that it can contribute to supporting sustainability, thereby attracting investor interest and increasing company value (Connelly et al., 2011). This is in line with previous research in Indonesia, which found a significant positive association between disclosure of sustainability reporting and company value (Fatchan & Trisnawati, 2016).

Sustainability reporting began to focus on: reporting, communication planning, and strategy; review and improvement for government; the reporting system and process in the field of sustainability reporting; guarantee of non-financial information; and reporting and feedback analysis. In reporting sustainability reporting, it is necessary to pay attention to several principles that have been regulated in the Global Reporting Index (GRI), namely, balance, comparability, accuracy, time series, suitability, and accountability. Sustainability reporting principles will make it easier for companies to provide useful information under stakeholder expectations. According to the Global Reporting Index (GRI) guidelines, the main things that need to be disclosed in a sustainability report are the company's economic impact at the local level, economic impact at the national level and global level, environmental impact, focus on the community, product responsibility, and social activities carried out by the company.

3. Result and Discussion

3.1. The Role of Good Corporate Governance for the Company

Good corporate governance exists to create better company performance by increasing supervision, improving company management efficiency, and preventing corruption, collusion, and nepotism (Zarkasyi, 2008). The basic principles of good corporate governance are needed to encourage the creation of an efficient, transparent, and consistent market with laws and regulations, so that the government, through the Coordinating Minister for Economic, Finance, and Industry issues Decree Number: KEP/31/M.EKUIN/08/1999 formed the National Committee on Corporate Governance (KNKCG) in 1999, which issued Good Corporate Governance (GCG) guidelines. In 2004, the name was changed to the National Committee for Governance Policy (KNKG). Furthermore, public governance is raised and regulated in the Decree of the Coordinating Minister for Economic Affairs of the Republic of Indonesia No.: KEP-49/M.EKON/11/ 2004, which contains the National Committee for Governance Policy, and then updated to Decree of the Coordinating Minister for Economic Affairs of the Republic of Indonesia No.: 117 of 2016 (National Committee for Governance Policy (www.knkg-indonesia.org). The National Committee for Governance Policy (KNKG) was formed to synergize the GMS's objectives, the board of commissioners, and the board of directors to hope for sustainable growth.

Good corporate governance guidelines are a reference for companies to implement GCG in order to 1) encourage corporate sustainability through management based on transparency, accountability, responsibility, independence, fairness, and equality; 2) encourage empowerment of each company organ's functions and independence, namely, the board of commissioners, the board of directors, and the general meeting of shareholders (GMS); 3) encourage shareholders, members of the board of commissioners, and board of directors to make decisions and carry out their

actions based on high moral values and compliance with laws and regulations; 4) encourage awareness and corporate social responsibility toward society and environmental sustainability, especially around the company; 5) optimize the corporate value for shareholders while paying attention to other stakeholders; and 6) increase the competitiveness of companies nationally and internationally, thereby increasing market confidence to encourage investment flows and sustainable national economic growth.

3.2. Three Pillars Supporting the Implementation of Good Corporate Governance

According to the good corporate governance guidelines issued by the National Committee on Governance Policy (KNKG), the implementation of good corporate governance needs to be supported by three interconnected pillars. First, the state through the government and its instruments as regulators formulates and implements good corporate governance as well as creates a conducive atmosphere; second, the business world as a market player implementing good corporate governance contributes to achieving national productivity; third, the community as users or consumers of existing products and services are able to provide responsible social control.

First, from several points stated in the good corporate governance guidelines by the National Committee on Governance Policy (KNKG), it can be concluded that the role of the state as a supporting pillar of GCG is as a regulator to support the implementation of GCG to create a conducive, healthy and transparent business climate. Besides, the most important thing is to prevent corruption, collusion, and nepotism (KKN). The state's role is to unite various parties, namely, the business world and the community, and to be actively responsible in drafting laws and regulations. As explained in the good corporate governance guidelines, this is in line with previous research that found a positive relationship between the implementation of good corporate governance and the implemention of sustainability practices. One of the factors affecting this positive relationship is the state's role concerned, mostly if it has supported good corporate governance (Hashim et al., 2015).

Second, the role of the business world as a supporting pillar for good corporate governance is based on the guidelines issued by the National Committee for Governance Policy; in essence, the business world also has an active role to play in creating a healthy business climate through the application of business ethics and the sustainable application of good corporate governance. Third, although the community is a supporting pillar of good corporate governance in written guidelines, the community's role as a supporting pillar of good corporate governance is not the state's role and the business world. However, society still has a significant and crucial role in achieving sustainable implementation of good corporate governance.

3.3. Principles of Good Corporate Governance

The National Committee for Governance Policy (KNKG) issued General Guidelines for Indonesian Good Corporate Governance, which contains five basic principles to be applied to all companies in Indonesia by paying attention to stakeholder interests and striving for business sustainability. First is transparency, where this principle emphasizes that companies provide material and relevant information to stakeholders. The information provided must be easily accessible to its users. So, that companies can carry out business activities by maintaining objectivity.

The second is the principle of accountability, where the basic principle emphasized is that the company is required to run its business correctly to be held accountable. This principle explains that a company must pay attention to all interests, both the company, shareholders, and other stakeholders. By achieving this principle, the company is also expected to achieve sustainability. The third principle of responsibility is that the company can be recognized as a good corporate citizen by the company complying with the prevailing laws and regulations. In order to achieve long-term sustainability, companies must carry out their responsibilities to society and the environment.

The fourth is independence; this principle aims to prevent intervention from other parties; the company must run its business independently. As the essence of the implementation guidelines explained, it can be concluded that the company must run its business according to the regulations and be free from any conflict of interest or domination from other parties, so that that decision-making can be carried out objectively. The fifth is fairness and equality, where the basic principle is that the company conducts business legally, and there is equality. Equality here can be done by providing opportunities for stakeholders to be able to voice their opinions. Beside that, equality is also done by recruiting employees regardless of ethnicity, religion, race, gender, and physical condition.

3.4. Essential Concepts of the Existence of Good Corporate Governance in Indonesia

Good corporate governance has been widely discussed in Indonesia since 1997 (Solikhah et al., 2020). This happened when the economic crisis hit America and Europe with the Enron and Worldcom cases (Duff, 2009). Indonesia has started to apply the principles of good corporate governance since signing a letter of intent with the International Monetary Fund (IMF), which is an essential part of mentioning a schedule for improving the management of companies in Indonesia

(Wibowo, 2010). In line with this, the National Committee for Corporate Governance (KNKG) believes that companies in Indonesia are responsible for implementing good corporate governance standards that have been applied at the international level. The emergence of corporate governance is based on two underlying concepts: first, agency problems, which is a conflict of interest between company owners and managers (Vijayakumaran & Vijayakumaran, 2019). The second concept is that it is impossible to conclude a complete contract (incomplete contract) between the owner and the company manager (Wibowo, 2010).

3.5. Study of Corporate Governance and Sustainability in Indonesia

Through the previous description of corporate governance, it can be said that corporate governance is a tool to balance the economic and social goals of the company (Huynh, 2020). On the other hand, a company will have a competitive advantage and a good reputation if it can pay adequate attention to social, economic, and environmental issues (Modapothala & Issac, 2009). According to Guidry and Patten (2010), a company that considers the quality of its sustainability information disclosure well will have a positive market reaction and impact company value. Competitive advantages that can be achieved can also improve the company's financial performance, whose results are found based on research using public companies in the financial sector in Indonesia (Mulyono et al., 2019). So, with a competitive advantage and a good reputation, it will attract investors, and an increase in its share price can occur (Fatchan & Trisnawati).

The government has introduced the reform of Indonesia's corporate governance system since 1980 by bringing in critical elements of the outsider model. In the years before 1980, Indonesia's corporate governance system still relied on bank finances, concentrated company ownership, management and owners, weak protection for creditors and minority shareholders, and limited ability to carry out mergers & acquisitions (Rosser, 2003). Besides, in 1998, corporate governance was implemented in Indonesia due to the economic and monetary crises that occurred at that time (Herdijono & Sari, 2017). Previously, Indonesia's corporate governance still had problems related to ownership concentration, corruption, and cronyism (Daniel, 2003).

According to previous research, Indonesia has seen an increase in regulations for the implementation of good corporate governance. However, regulation enforcement still needs to be optimized because enforcement is still not balanced with the increase in regulations that have been established (Napitupulu et al., 2020). In Indonesia, the board of directors, the board of commissioners, and the audit committee have a positive relationship with the disclosure of corporate social responsibility activities (Hapsoro & Fadhilla, 2017).

According to previous studies, corporate management leadership is very much needed, and business and management leadership roles provide responses and influence on corporate sustainability (Crifo et al., 2019). Therefore, the structure of corporate governance is an essential factor in supporting companies' sustainability in Indonesia. This is because implementing good corporate governance can monitor company activities, company management, and resources to achieve optimal performance (Napitupulu et al., 2020). Good corporate governance will also lead to good judgment regarding the disclosure of company information so that investors can make appropriate decisions and respond positively to the company (Fatchan & Trisnawati, 2016).

Moreover, good corporate governance is crucial for the finance company's sector because less than the optimal implementation of good corporate governance will result in a financial crisis (Hopt, 2013). Based on research data conducted on public companies in Indonesia's manufacturing sector in 2010-2019, the results show that corporate governance positively affects its capital structure (Sumani & Roziq, 2020). Thus, a favorable capital structure will optimize company performance, and it will be easier to achieve company sustainability.

Based on the previous literature, a good company's sustainability performance is one of the mediators of a positive relationship between corporate governance and sound financial performance, so that companies investing in good governance and sustainability practices will create long-term value creation (Munir et al., 2019). Of course, good financial performance can increase investor confidence, increase operational efficiency, and reduce risk (Mulyono et al., 2019) because corporate governance and corporate sustainability are related to achieving long-term company operations (Aras & Crowther, 2008). So, it is hoped that companies in Indonesia can apply well the good corporate governance mechanism to compete for business. Business actors' face many expectations from stakeholders and public scrutiny that is much tighter than before. So, the challenge for business actors is to manage the company more effectively and efficiently in corporate governance and new ways to create value (Docekalová & Kocmanová, 2016). Innovation is needed by companies and many organizations to maintain the survival and growth of the company. In a successful company and has grown extraordinarily, innovation is its long-term sustainability and must be done sustainably (O'Connor & Rafferty, 2012).

Companies need to consider various vital elements to maintain innovation's sustainability, creating value to stimulate their survival and growth. The success of corporate innovation is to develop value-added creative ideas (Monks & Minow, 1995). Furthermore, it is necessary to consider

that successful innovation is a dynamic process (Bottazzi, 2001). Remember that innovation is anything, but business as usual (Ledwith & Cormican, 2014). Innovation makes people overcome their egos and recognize that business is not the best approach to solving problems. They are helping people to broaden their perspectives and think creatively. Although many companies have started to consider sustainability for their companies, few companies still consider sustainability a burden. According to the previous literature, the total disclosure score on the corporate social responsibility activities of public companies in Indonesia was only 6%, which means that the company still does not fully commit to CSR (Hapsoro & Fadhilla, 2017). Whereas, according to Amran et al. (2014), many companies disclosed their corporate social responsibility activities because they felt commercial benefits due to increased transparency.

The trend of sustainability disclosure in Indonesia's companies is still low (Harymawan et al., 2020). This happens because there is no standard regulation that requires companies in Indonesia to issue sustainability disclosures like the rules for publishing financial reporting to companies (Hasanah et al., 2014). According to previous literature, good corporate governance can influence companies to disclose their sustainability practices (Michelon & Parbonetti, 2012). Many of them understand that the costs that will be incurred by implementing sustainability will be a burden for the company. This is what drives innovation for companies to survive in the tough competition in the modern world. Whereas the stakeholders, commissioners, directors, employees must work together to create company values, which can then create innovation for sustainable purposes. Currently, the company has made innovations to the community through the corporate social responsibility program, which is a form of company concern for the community, and this has a significant impact on the company's survival (Amran et al., 2014). Companies can fulfill stakeholders' information needs by disclosing corporate social responsibility activities, thus indirectly providing assurance and confidence to outsiders regarding sustainability (Hapsoro & Fadhilla, 2017). Sustainability is closely related to three things: profit, people, and planet (Palmer & Flanagan, 2016). Thus, sustainability requires more company innovation because the basis of sustainability is how a company is not only able to create profits (profits) for the company and can provide added value to society through community awareness and empowerment programs, but also, more importantly, how the company can contribute to the preservation of nature and the environment.

4. Conclusions

Every company must ensure that good corporate governance (GCG) principles are applied to every aspect of the business and company levels. Good corporate governance principles are transparency, accountability, responsibility, independence, fairness, and equality to achieve sustainability by paying attention to stakeholders. Good corporate governance guidelines have been improved in Indonesia, but the enforcement is still to be optimized. It is because the optimal implementation of good corporate governance will positively impact company sustainability. Therefore, to support the synergy of good corporate governance, business and society's role is needed.

Innovation is needed to create company values to compete in the competitive modern world, which is always dynamic. Each element's role creates a healthy environment and costs stigma in implementing community empowerment into an investment to create a mutually beneficial relationship between the company as the organizer, the community as users, and the business's environment. This harmonization will create good corporate governance and enables the company to do business sustainably.

With good corporate governance in every element of the company and the creation of corporate values to realize this governance, it is an element of company commitment and consistency to always care about company profits (profit), to care for the community (people), protect and maintain the environment (planet), develop and prosper together with the community (prosperity) and be able to become a partner for the community (partnership). Because achieving good sustainability will positively affect the relationship between corporate governance and financial performance in companies in Indonesia. Thus, it is essential to focus on good corporate governance, create values, improve financial performance, and sustainability.

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