



Literature Study: Implementation of Good Corporate Governance (GCG) in State-Owned Company PT Bank Mandiri Tbk.

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Abstract: This study aims to analyze the implementation of Good Corporate Governance (GCG) principles at PT Bank Mandiri (Persero) Tbk, one of Indonesia's state-owned banks. The research method used is a literature study by reviewing various relevant written sources such as annual reports, sustainability reports, GCG implementation reports, as well as related articles and regulations. Through this approach, the study identifies that the application of GCG principles—including transparency, accountability, responsibility, independence, and fairness—has significantly contributed to improved corporate performance and the establishment of stakeholder trust. The results show that Bank Mandiri has received numerous accolades, such as the “Highly Trusted” title for 18 consecutive years from the Corporate Governance Perception Index (CGPI), and awards from the ASEAN Corporate Governance Scorecard. These findings indicate that consistent GCG implementation plays a crucial role in enhancing the company's reputation, competitiveness, and long-term sustainability.

Keywords: GCG, Company Performance, Organizational Structure, Bank Mandiri

Introduction

In the era of globalization and rapid digital transformation, the sustainability of a company depends not only on its financial performance but also on its management's ability to implement the principles of Good Corporate Governance (GCG). GCG is a governance system designed to direct and control a company to achieve a balance between the interests of various stakeholders—such as shareholders, management, customers, suppliers, government, and the wider community (OECD, 2015). Effective GCG implementation enhances transparency, accountability, responsibility, independence, and fairness throughout corporate operations.

In Indonesia, the application of GCG has become a mandatory practice, particularly for publicly listed companies and state-owned enterprises (SOEs), as stipulated in the Financial Services Authority Regulation No. 55/POJK.03/2016. Studies by Nuraini (2021) and Sari & Prabowo (2020) emphasize that consistent GCG practices significantly

contribute to improved financial performance and bolster a company's reputation among the public and investors.

PT Bank Mandiri (Persero) Tbk., as one of Indonesia's largest state-owned banks, has demonstrated a strong, long-term commitment to implementing GCG principles. This is reflected not only through internal corporate policies but also in various external recognitions, such as being awarded the "Highly Trusted Company" title for 18 consecutive years by the Corporate Governance Perception Index (CGPI) and accolades from the ASEAN Corporate Governance Scorecard (ASEAN Capital Markets Forum, 2022). These achievements illustrate the positive impact of good corporate governance on a company's competitiveness, business sustainability, and stakeholder trust.

Furthermore, challenges and complexity in the banking sector today demand a dynamic and adaptive approach to governance, especially in response to evolving technology, regulatory requirements, and market expectations. A global study by PwC (2021) highlights that digital governance is becoming a crucial trend in enhancing corporate integrity and efficiency, particularly in the financial services industry.

Therefore, this study aims to analyze the implementation of GCG principles at Bank Mandiri and evaluate their impact on the company's performance and long-term sustainability. By adopting a literature study approach that examines annual reports, sustainability reports, GCG implementation reports, and regulatory frameworks, this research is expected to contribute to the development of management science and serve as a reference for other companies in applying GCG effectively.

Research Method

This study adopts a qualitative research design with a descriptive approach, aiming to systematically describe and analyze the implementation of Good Corporate Governance (GCG) principles at PT Bank Mandiri (Persero) Tbk. Qualitative research is considered appropriate because it allows an in-depth understanding of governance practices through non-numerical data derived from textual sources.

The research object is the application of GCG principles—namely transparency, accountability, responsibility, independence, and fairness—within the operational framework and corporate structure of Bank Mandiri. The focus is placed on how these principles are institutionalized and what impact they have on the company's reputation, performance, and stakeholder trust.

The type of data used in this research is secondary data, obtained from various credible sources, including:

- Annual Reports of Bank Mandiri (2019–2023)
- GCG Implementation Reports
- Sustainability Reports
- Publications by regulatory authorities such as the Financial Services Authority (OJK)
- Academic journals, books, and prior research related to corporate governance

The data collection technique employed is documentary study, which involves collecting and reviewing documents relevant to the research objectives. This technique allows the researcher to gather comprehensive insights from multiple perspectives by triangulating data from company reports, regulatory documents, and scholarly literature.

Data analysis is conducted using qualitative content analysis. This involves identifying recurring themes, patterns, and practices that illustrate how Bank Mandiri implements GCG principles. The process includes data reduction, data presentation, and drawing conclusions, ensuring a structured interpretation of the data aligned with the research questions.

The research was conducted from January to March 2024. The data sources were accessed through online platforms such as the official website of PT Bank Mandiri, OJK, and reputable academic databases.

Through this methodological approach, the study aims to produce valid and insightful conclusions that can contribute to the understanding and development of good governance practices in the Indonesian banking sector.

Result and Discussion

The principles established by the OECD for Good Corporate Governance are frequently updated to align with today's industries. These foundational principles include:

1. Transparency

Transparency is a key principle of good corporate governance. It underlines the need for information to be easily accessible and understandable to stakeholders while maintaining the confidentiality of sensitive information.

2. Accountability

Accountability forms a significant part of corporate governance principles. This principle demands transparent and fair performance accountability through management that is based on measurable actions, aligns with regulations, and prioritizes stakeholder interests.

3. Independence

The principle of independence emphasizes the necessity for a company to be operated independently. This helps foster a healthy corporate environment and supports objective decision-making, reducing the risk of conflicts of interest or the undue influence of any party.

4. Responsibility

Responsibility is integral to the core principles of corporate governance. Companies should be accountable to society and the environment, promoting sustainable business practices to achieve good corporate citizenship. It also stresses the importance of compliance with laws by company owners to ensure stakeholder security.

5. Fairness

The fairness principle highlights the need for companies to consider the interests of shareholders and other stakeholders impartially, without bias toward racial or ethnic groups. Fairness underlines equal rights for stakeholders in decision-making processes, adhering to the principle of equality.



Figure 1. GCG Principles

Sumber: Indonesiana.id

PT Bank Mandiri officially became a company in accordance with Deed No. 9 on October 2, 1998, known as PT Bank Mandiri (Persero). Its creation was part of a banking restructuring initiative by the Indonesian government. In July 1999, four state-owned banks—Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia—merged to form Bank Mandiri. These banks each contributed significantly to the growth of the Indonesian economy. For over 140 years, Bank Mandiri has continued its tradition of playing a key role in the Indonesian banking sector and the broader economy.

After going through a comprehensive consolidation and integration process across all departments, Bank Mandiri built a strong organizational foundation and introduced a cutting-edge integrated core banking system, replacing those of the previous banks. Since its inception, Bank Mandiri has shown consistent improvement in financial performance, with profits rising from Rp1.18 trillion in 2000 to Rp5.3 trillion in 2004. On July 14, 2003, Bank Mandiri conducted an initial public offering, releasing 20%, or 4 billion shares, to the public. In response to dynamic market conditions and heightened competition in 2024, Bank Mandiri has set four strategic objectives to seize new opportunities and succeed despite challenges: Firstly, it aims to strengthen the Wholesale Banking segment, reinforcing its core business while accessing the derivatives ecosystem.

Secondly, the plan involves enhancing the Retail Banking segment through a value chain method based on ecosystems, using digital platforms to reach more customers, and exploring sector potential across different regions. Thirdly, optimizing digital platforms aims to expand the transactional CASA base, maintaining cost efficiency while enriching

customer interactions with an outstanding digital experience. Lastly, it seeks to promote synergies with subsidiaries by aligning their business strategies with the overall vision, improving cross-selling, streamlining processes, and employing careful risk management supported by technological innovation.

Bank Mandiri Organizational Structure

The governance structure at bank mandiri itself is that bank mandiri has articles of association, code of ethics, gcg procedures, whistleblowing system, gratification control program, APU-PPT program implementation policy, and internal audit charter. Bank Mandiri also has information disclosure regarding annual reports, information or material facts, and public expose.

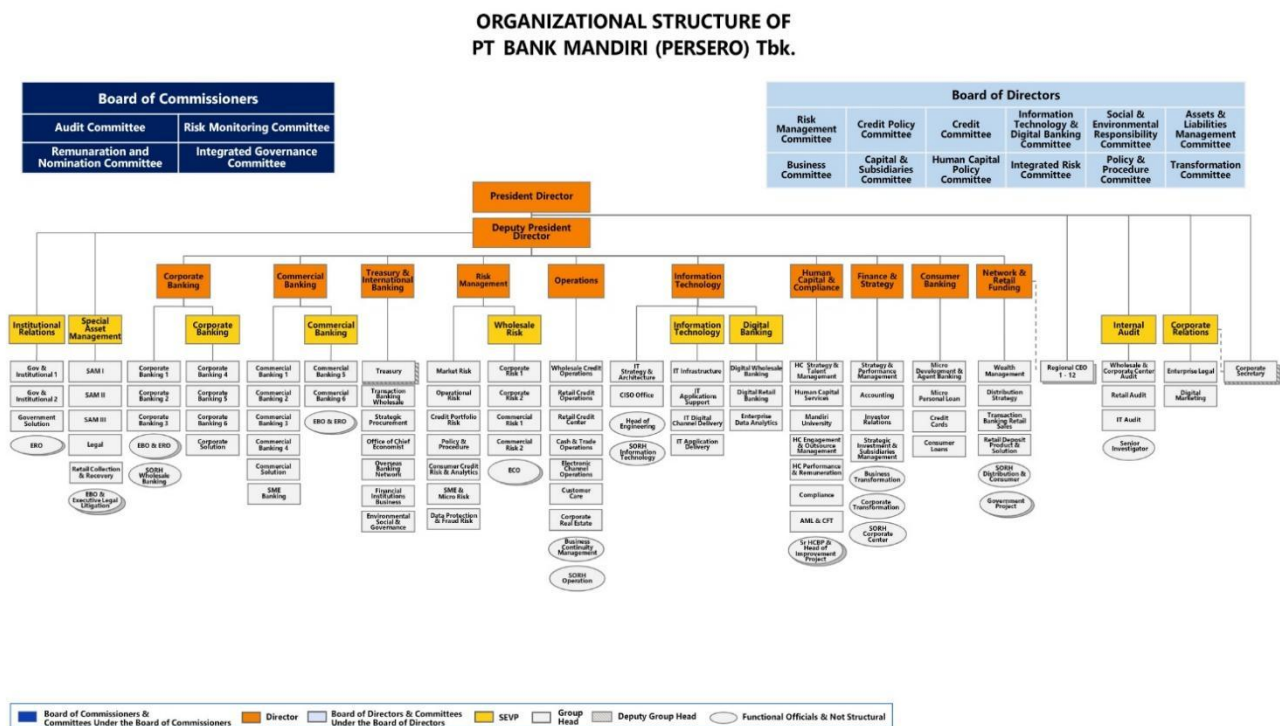


Figure 2. Organizational Structure

Sumber: bankmandiri.co.id

The process of implementing GCG principles by Bank Mandiri

Incorporating GCG principles, Bank Mandiri has established various policies, which include:

- Dividend policy
- Policy on share ownership for the board of commissioners and directors
- Succession policy for the board of directors
- Shareholder composition
- Company Secretary
- Internal audit

- g) External audit
- h) Goods and services procurement policy
- i) Performance reward policy
- j) Related party transaction policy
- k) Transactions with affiliated parties policy
- l) Corruption prevention
- m) Risk management policy
- n) Integrated prevention commitment
- o) Shareholder communication policy
- p) Creditor rights fulfillment policy
- q) Information disclosure.

Results of Bank Mandiri's GCG Principles Implementation

The 15th IICD Corporate Governance Award 2024

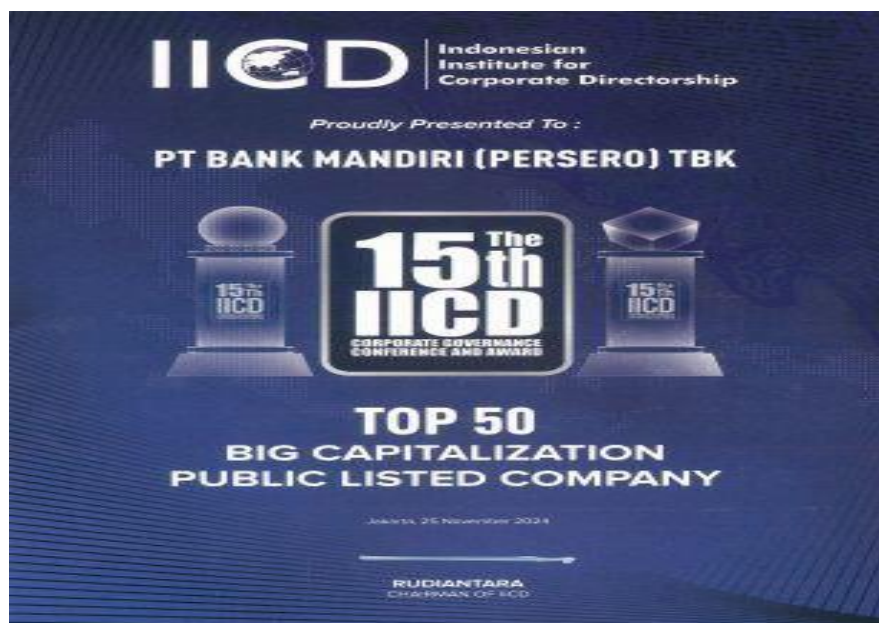


Figure 3. IICD

Sumber: bankmandiri.co.id

Bank Mandiri was awarded the "TOP 50 BIG CAPITALIZATION PUBLIC LISTED COMPANY". The award is given to public companies with the largest market capitalization in Indonesia based on an assessment using the ASEAN CG SCORECARD standard.

Corporate Governance Perception Index



Figure 4. CGPI

Sumber: bankmandiri.co.id

Bank Mandiri has earned the title of "The Most Trusted Company" for the 18th consecutive time based on the Corporate Governance Perception Index (CGPI) assessment with a score of 95.30, an increase from the score in the previous period of 95.22.

2021 ASEAN Corporate Governance Scorecard Award



Figure 5. ASEAN Asset Class PLCs

Sumber: bankmandiri.co.id

Bank Mandiri successfully entered the ASEAN Asset Class PLCs (Indonesia) category in the ASEAN Corporate Governance Award held in Manila in December 2022.

Conclusion

From the research findings and ensuing discussions, we can conclude that Bank Mandiri has effectively and consistently implemented the principles of Good Corporate Governance (GCG). This is evident in the strategic policies they have put in place, such as promoting transparency, accountability, social responsibility, independence, and fairness in their decision-making processes. Adhering to these principles not only boosts public trust but also fosters continuous enhancements in corporate performance.

The success of Bank Mandiri in applying GCG is highlighted by various prestigious accolades, including being deemed “Highly Trusted” for 18 years in a row in the Corporate Governance Perception Index (CGPI) and securing awards in the ASEAN Corporate Governance Scorecard. These recognitions illustrate that solid corporate governance is crucial for generating corporate value, preserving integrity, and enhancing competitiveness in the banking sector.

Therefore, Bank Mandiri’s steadfast adherence to GCG principles can act as a benchmark for exemplary governance practices for other Indonesian companies, particularly in the banking sector, which plays a critical role in the nation’s economic stability and advancement.

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