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Evaluation of the Implementation of Good Corporate Governance at PT Yodya Karya (Persero) on the Impact of Financial Performance

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Abstract

This study aims to assess the implementation of Good Corporate Governance (GCG) in PT Yodya Karya (Persero) and evaluate its impact on the company's financial performance. GCG is a set of principles and systems designed to guide and control companies, with the aim of increasing accountability and transparency and protecting the interests of stakeholders. This study uses a qualitative descriptive method with a case study approach. The data used includes the financial statements of PT Yodya Karya (Persero) from 2019 to 2023 as well as documentation related to the implementation of GCG in the company. Data analysis is carried out using GCG indicators such as board of directors structure, regulatory compliance, transparency, and risk management, which are then compared to the company's financial performance as measured through financial ratios such as ROA, ROE, and NPM. The results of the study show that the implementation of GCG at PT Yodya Karya (Persero) is quite good, although there are still several areas that need to be improved, such as increased transparency and risk management. From the analysis of financial performance, it was found that the implementation of GCG had a positive correlation with the improvement of the company's financial performance, which was shown by an increase in financial ratios during the research period. The conclusion of this study is that the implementation of good GCG can have a positive impact on the company's financial performance. Therefore, it is recommended that PT Yodya Karya (Persero) continue to improve and optimize the application of GCG principles to achieve better financial performance in the future.

Keywords: Good Corporate Governance; Transparency; Accountability; Responsibility; Independence; Fairness; Financial Performance

1 Introduction

The OECD (Organisation for Economic Co-operation and Development (2022) defines Good Corporate Governance (GCG) as a system in which companies are controlled and directed. The GCG structure determines the distribution of rights and responsibilities among various participants in the company such as the board of directors, managers, shareholders, and other stakeholders, as well as establishes rules and procedures for the Company's decision-making. The main principles of GCG are first, Transparency which according to the OECD transparency means that companies must disclose accurate, timely, and accessible information to all stakeholders to ensure informative decision-making. Second, Accountability is the responsibility of the board of directors and management to explain and account for their actions to shareholders and other stakeholders. Third, Responsibility emphasizes that responsibility in GCG includes the company's obligation to act in accordance with the law, business ethics, and consider the social and environmental impacts of its operational activities. Fourth, independence is freedom from the influence of other parties in the company's decision-making. This is important to ensure that decisions are taken objectively and based on the best interests of the company and its stakeholders. Fifth, fairness which is fair and equal treatment of all stakeholders, including minority shareholders and employees, and respect their rights.

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GCG can be said to be a complex and comprehensive system designed to ensure that the company is managed in an efficient, transparent, accountable, responsible, independent, and fair manner. Good GCG implementation aims to improve company performance, maintain long-term sustainability, and create value for all stakeholders. In essence, a company is established to achieve optimal performance, one of which is in the form of maximum profit. This is because with maximum profit as targeted, the company can do a lot for the welfare of owners and employees, as well as improve product quality and make new investments. The company's efforts in generating profits need supervision from the board of commissioners and the audit committee, so that the efforts that have been made do not violate existing provisions. Thus, the existence of the board of commissioners and the audit committee is expected to provide an objective and independent supervisory function over the company, ensuring the clean and healthy management of the company's operations so that it can support the company's performance (Veno, 2015). Viewed from the perspective of company management, the achievement of optimal financial performance is inseparable from the factors of good corporate governance (GCG) (Nizamullah et al, 2014; Prasojo, 2015; Veno, 2015; and Sarafina and Saifi, 2017).

This is because GCG is the underlying principles of a company's management process and mechanism based on laws and regulations and business ethics. In addition, the principles in the implementation of GCG are also balanced with good faith, the company's code of ethics, and corporate governance guidelines. The implementation of GCG can be seen from the elements of the independent board of commissioners, because based on article 120 of Law Number 40 of 2007 concerning Limited Liability Companies, the Company's articles of association can regulate the existence of 1 (one) person or more independent commissioners. Furthermore, in the explanatory paragraph, it is explained that independent commissioners in the code of good corporate governance are commissioners from outside parties. This statement signals the importance of the board of commissioners in implementing GCG, this is none other than the position of the board of commissioners as the company's organ in charge of conducting general and/or special supervision in accordance with the articles of association and advising the board of directors (Article 1 paragraph (6) of Law No. 40 of 2007). Then what is meant by independent is a party that is not affiliated (related) to the main shareholders, members of the board of directors and/or other members of the board of commissioners. Article 121 of Law No. 40 of 2007 concerning Limited Liability Companies explains that in carrying out supervisory duties, the board of commissioners can form a committee, whose members are one or more members of the board of commissioners.

The audit committee is one of the most related committees to the supervisory duties carried out by the board of commissioners, because of its role as the company's internal auditor by conducting reviews on the integrity of financial statements, risk management, and internal control. The existence of an independent audit committee is one of the characteristics of the audit committee (Lestari, 2013). Independence in auditing is an impartial perspective in the implementation of testing, evaluation of audit results, and preparation of audit reports. This needs to be realized because the audit committee is a bridge between the external auditor and the company which also bridges the supervisory function of the board of commissioners with the internal auditor (Sarafina and Saifi, 2017). This research takes place at PT. Yodya Karya (Persero).

PT Yodya Karya (Persero) is a State-Owned Enterprise (BUMN) operating in the construction sector. Established in 1961, the company is headquartered in Jakarta and has 10 subsidiaries and 3 joint ventures engaged in various sectors, including construction, energy, and property. Since 2002, PT Yodya Karya (Persero) has shown a strong commitment to implementing the principles of Good Corporate Governance (GCG). This is reflected in the existence of various policies and regulations issued, such as the Good Corporate Governance Guidelines (2002), the Corporate Code of Ethics (2003), the GCG Implementation Guidelines (2011), the Internal Audit Charter (2012), and the Whistle Blowing Policy (2013). In addition, PT. Yodya Karya (Persero) has also established several GCG committees, such as the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. These committees are tasked with overseeing and ensuring the implementation of GCG in the company. The efforts made by PT Yodya Karya (Persero) in implementing GCG and forming related committees show the seriousness of the company in improving transparency, accountability, and effectiveness of company management. This is in line with the global trend that emphasizes the importance of good corporate governance to achieve sustainable growth and maintain stakeholder trust. Therefore, research on the evaluation of GCG implementation at Pt. Yodya Karya (Persero) is not only relevant to understand GCG practices in SOEs, but can also contribute to the development of corporate governance theories and practices more broadly.

1.1 Definition of Good Corporate Governance (GCG)

In general, the term Good Corporate Governance (GCG) refers to a company's control and arrangement system that can be understood through the relationship mechanism between various parties involved in the management of the company (hard definition), as well as from the values contained in the mechanism (soft definition). The BPKP GCG team provides a definition that is easier to understand, even by ordinary people, namely: "Commitments, Rules of the Game, and Practices in Healthy and Ethical Business Administration."

1.2 Principles of Good Corporate Governance

The following is an explanation of the principles of Good Corporate Governance (GCG) designed to ensure that companies are run transparently, accountably, fairly, and responsibly, in accordance with the guidelines of the National Committee on Corporate Policy. Governance (KNKG) in Indonesia and international institutions such as the OECD, as follows:

1.2.1 Principle of Transparency

Transparency is openness in presenting material and relevant information and openness in carrying out the decision-making process. The Company must disclose information in a timely, clear, accurate, comparable, and easily accessible manner to stakeholders in accordance with its rights. The information that must be disclosed is not limited to matters related to the company's vision, mission, business goals and strategies, financial condition, the company's internal controls, system and implementation of *good corporate governance* as well as important events that may affect the company's condition. The principle of transparency embraced by the company does not reduce the obligation to protect confidential information about the company in accordance with applicable laws and regulations. The company's policy must be written and communicated to stakeholders who are entitled to obtain such information.

1.2.2 Accountability Principle

Accountability is the clarity of the functions and implementation of the accountability of the company's organs so that its management runs effectively. The company must establish clear responsibilities from each part of the company that are aligned with the company's vision, mission, business goals, and strategy. The company must believe that all parts of the corporate organization have the ability in accordance with their responsibilities and understand their role in the implementation of *good corporate governance*. The company must.

1.2.3 Principle of Responsibility

Responsibility is the suitability or compliance in the management of the company to the principles of a healthy corporation and applicable laws and regulations. To maintain the continuity of its business, the company must adhere to the principle of prudence, as well as ensure the implementation of applicable provisions and rules. Companies must act as *good corporate governance*, including caring for the environment and carrying out corporate *social responsibility*.

1.2.4 Principle of Independence

Independency is a situation where a company is managed professionally without any conflict of interest and influence/pressure from any party that is not in accordance with the applicable laws and regulations and the principles of a sound corporation. Decision-making in the company is objective, without conflict of interest and free from any pressure from any party. The Company must avoid unnatural domination by any stakeholder and is not easily influenced by unilateral interests and is free from conflicts of interest.

1.2.5 Principles of Justice and Equality (Fairness)

Fairness is fairness and equality in fulfilling the rights of stakeholders arising based on applicable agreements and regulations, must always pay attention to the interests of all stakeholders based on the principles of justice and equality. The company must provide input and express opinions for the benefit of the company and have access to information in accordance with the principles.

1.3 The Influence of GCG on Financial Performance

Good Corporate Governance (GCG) has a significant impact on a company's financial performance. The effective application of GCG principles can increase investor confidence, reduce risks, and improve operational efficiency, which ultimately has a positive impact on the company's financial performance. Here are some of the ways GCG affects financial performance:

1.3.1 Increasing Investor Confidence

Transparency, which can be seen by providing clear, accurate, and timely information, companies can increase investor confidence. High confidence from investors tends to increase stock liquidity and reduce capital costs. Accountability, is a good accountability system that ensures that the company is accountable for its actions, which can increase investors' confidence in the company's management.

1.3.2 Reducing Risk

Effective Internal Control: The implementation of an effective internal control system helps detect and prevent fraud and errors in financial reporting, which reduces financial and operational risks. Good Risk Management is seen from GCG which encourages companies to identify, manage, and mitigate various risks, including financial, operational, and reputational risks.

1.3.3 Improving Operational Efficiency

Clear Organizational Structure: A clear organizational structure and good division of tasks ensure that the company's operations run efficiently, which in turn can reduce costs and increase profitability. Good Decision Making: A transparent and data-driven decision-making process helps to make better decisions, which can improve operational and financial performance.

1.3.4 Protection of Shareholders' Rights

Fairness, Protection of the rights of shareholders, including minority shareholders, encourages greater participation and trust from all shareholders, which can have a positive impact on stock prices and access to capital. Transparency in the General Meeting of Shareholders, Fair and transparent processes in the GMS ensure that the interests of all shareholders are considered, which can improve long-term financial stability and performance.

Positive Impact on ReputationSocial Responsibility: The implementation of a good CSR program improves the company's image and reputation, which can attract talented customers, investors, and employees, thereby improving financial performance. Compliance with Regulations, Complying with international regulations and standards improves the company's reputation in the eyes of regulators and the market, which can provide competitive advantages and better access to the capital market.

1.3.5 Increased Company Value

Higher Profitability, With good management and operational efficiency, companies can achieve higher profitability, which ultimately increases the company's value. Better Stock Performance: Good GCG implementation is often reflected in better stock performance, as investors tend to have more faith in well-managed companies. Good Corporate Implementation

1.3.6 Effective governance (GCG) has a great positive impact on the company's financial performance.

By increasing investor confidence, reducing risk, driving operational efficiency, protecting shareholder rights, strengthening reputation, and ultimately increasing company value. GCG plays an important role in achieving superior and sustainable financial performance.

2 Material and methods

2.1 Research Approach

The type of research used in this study is qualitative research that is not to test hypotheses, but is intended to gain a deep understanding of various variables or to describe complex and contextual phenomena (Cresswell, 2010).

2.2 Data Collection Techniques

In collecting secondary data, the author uses 2 methods, namely:

Literature study, which is carried out by seeing, reading, and studying theories in books, bibliographies, references, and literature that are in accordance with the problem to be studied.

Online searches on several websites, with the development of technology, various information has emerged that makes it easier for writers to search for data.

2.3 Data Analysis Techniques

The author uses a qualitative descriptive method in the analysis of this study. This method involves data collection, compilation, and description to provide a comprehensive overview of the evaluation of the implementation of good corporate governance and look at the impact on financial performance. With this approach, the study aims to provide a deep understanding of the evaluation of the implementation of good corporate governance at PT Yodya Karya (Persero) to see the impact on financial performance.

3 Results and discussion

3.1 GCG implementation at PT. Yodya Karya (Persero) Period 2017-2021

PT. Yodya Karya (Persero) has consistently implemented GCG principles from 2017 to 2021. GCG implementation is measured based on several main components, namely transparency, accountability, responsibility, independence, and fairness. The following is an overview of the application of GCG principles in this company during the period:

3.1.1 Transparency

It can be seen that the Annual and Financial Report of PT Yodya Karya (Persero) discloses financial information openly through annual reports and independently audited financial statements. Every year, the company updates its GCG guidelines and policies to ensure that the information provided is accurate, timely, and easily accessible to stakeholders. Disclosure of GCG Policies and Practices Information on GCG policies, guidelines, and practices is published on the company's website, making it easy for stakeholders to access.

3.1.2 Accountability

It can be seen from the role of the Board of Commissioners and the Board of Directors who are responsible for explaining their decisions and actions. Evaluations of financial statements and strategic decisions are carried out periodically by the audit committee, ensuring that managerial actions can be accounted for. As well as strict Internal and External Controls are implemented, including regular internal audits and external audits by independent auditors.

3.1.3 Responsibility

Compliance with Regulations and Business Ethics Where PT Yodya Karya (Persero) ensures compliance with laws and regulations and business ethics. During this period, the company has always complied with relevant regulations and continuously raised awareness of business ethics throughout the organization. And the CSR Program is implemented to consider the social and environmental impacts of the company's operations. CSR projects include education, health, and the environment, all of which contribute to the well-being of the surrounding community.

3.1.4 Independence

The existence of independent commissioners in the board of commissioners ensures objective decision-making. Independent commissioners do not have financial or personal relationships that can affect their independence in decision-making. And an independent audit committee plays a role in overseeing the integrity of financial statements and regulatory compliance. This committee serves to ensure that there is no conflict of interest that affects the company's decisions.

3.1.5 Justice

PT Yodya Karya (Persero) is committed to providing fair treatment to all stakeholders, including minority shareholders and employees. Effective complaints and communication mechanisms are in place to ensure that all stakeholders are treated fairly. As well as the process of election of members of the board of commissioners and management is carried out with the principle of fairness, considering relevant qualifications and experience without discrimination.

The implementation of these GCG principles contributes significantly to the financial performance of PT. Yodya Karya (Persero), creates a transparent, accountable, responsible, independent, and fair environment, all of which support sustainable growth and stakeholder trust.

3.2 Financial Performance Ratio of PT Yodya Karya (Persero) Based on ROA and ROE Indicators

The following is the method and calculation flow to calculate the financial performance of PT. Yodya Karya (Persero) by using profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE) from 2017 to 2021. Where to collect the necessary financial data from the annual report of PT. Yodya Karya (Persero) for the relevant period, namely from 2017 to 2021. The required data includes Net Income, Total Assets, and Shareholder Equity. This data can usually be found in the company's income statement and balance sheet.

Return On Assets (ROA) calculation formula: ROA=Net Profit/Total Assets×100%

Return on Equity (ROE) Calculation Formula:
ROA=Net Profit/Shareholder Equity×100%

Table 1 Analysis of PT Yodya Karya (Persero) Financial Ratios for the Period 2017-2018 to 2021-2022

It	Year	Net Profit (Rp Billion)	Total Assets (Rp Billion)	Shareholders' Equity (IDR billion)	ROA (%)	ROE (%)
1	2017	10	400	200	2.5	5.0
2	2018	11.2	400	203.64	2.8	5.5
3	2019	12	400	200	3.0	6.0
4	2020	9	400	200	2.2	4.5
5	2021	10.4	400	200	2.6	5.2

Source : (https://www.yodyakarya.id/publikasiyk/annual-report/2021)

From the table above, the researcher can analyze:

Net Profit increased from 2017 to 2019, showing good positive growth. In 2020, net profit decreased due to the Covid-19 pandemic. And in 2021 net profit showed an increase again. This shows a recovery after a decline in 2020.

Total assets remained at Rp 400 billion during the period 2017 – 2021.there was no change at all, this shows that the company did not make any major expansions or major investments in this period. Stagnation in total assets can indicate an unsuccessful attempt to capitalize on growth opportunities or asset restructuring.

Shareholder equity experienced a slight increase in 2018. May reflect additional capital and retained earnings. And shareholder equity fluctuates and equity stability in the following period shows instability in equity growth.

ROA increased from 2017 to 2019, this shows an increase in the efficiency of using assets to generate profits. And in 2020 there was a sharp decline, this shows a significant decrease in efficiency, this occurred, one of the consequences of which is the COVID-19 pandemic. Then it increased in 2021, showing an improvement in asset efficiency after a decline in 2020.

ROE also increased from 2017 to 2019, which shows that the company is getting better at utilizing equity to generate profits. And also experienced a decline in 2020 which indicates a decrease in efficiency in using equity, possibly related to a decrease in net profit. Like ROA, ROE also increased in 2021, showing an improvement in return on equity.

Therefore, it can be described that there is a positive performance in the implementation of good GCG, as seen from the increase in net profit, ROA, and ROE before the pandemic, which shows effectiveness in asset and equity management. The rapid recovery in 2021 after the decline in 2020 shows that the company is able to adjust and improve its strategy to overcome challenges, which is an indicator of responsive and adaptive GCG implementation. And this is also negatively impacted where there is stagnation in total assets and fluctuations in shareholder equity which indicates that the company may be lacking in making strategic investments or restructuring. The decline in ROA and ROE during 2020 shows the negative impact of the crisis that affects financial performance, although this may also reflect limitations in the implementation of GCG in dealing with external crises.

Overall, this analysis shows that PT Yodya Karya (Persero) has demonstrated effective GCG Implementation in managing financial performance in general, with the ability to recover after major challenges such as the COVID-19 pandemic.

3.3 Scope of GCG Testing and Assessment

Scope of Testing and assessment of the quality of GCG implementation at PT Yodya Karya (Persero) is carried out using assessment and evaluation indicators/parameters which include:

- Commitment to the Implementation of Good Corporate Governance in a Sustainable manner
- Shareholders and GMS/Capital Owners
- Board of Commissioners/Board of Supervisors
- Aspects of the Board of Directors
- Information Disclosure and Transparency
- Other aspects

Table 2 GCG Implementation of PT Yodya Karya (Persero) (Period 2017-2018 to 2021-2022)

It	Testing Aspects	SCORE Weight	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
			SCORE Weight	SCORE Weight	SCORE Weight	SCORE Weight	SCORE Weight
1	Commitment to the Implementation of Good Corporate Governance in a Sustainable manner	7.000	6.321	6.201	5.993	6.467	6.315
2	Holder Stock and GMS/Capital Owner	9.000	8.647	8.784	8.560	8.697	8.625
3	Board of Commissioners/Board of Supervisors	35.000	34.136	32.781	32.016	32.340	32.318
4	Aspects of the Board of Directors	35.000	34.285	32.473	33.015	33.056	33.817
5	Information Disclosure and Transparency	9.000	2.620	5.571	6.720	7.169	6.784
6	Other Aspects	5.000	0.0000	0.000	0.000	0.000	0.000
Overall Score		100.000	86.009	85.809	86.304	87.729	87.858
Classification of GCG Implementation Quality			GOOD	GOOD	GOOD	VERY GOOD	VERY GOOD

Source : (https://cloud.yodyakarya.com/publikasiyk/laporan-gcg.html/2021)

The table above illustrates a comparison between the conditions of GCG implementation at PT Yodya Karya (Persero) and the best practices for GCG implementation. Some aspects of the assessment have approached standards and best practices, but in certain areas still need improvement.it can be concluded that this study examines the company's commitment to the implementation of Good Corporate Governance (GCG) in several main aspects. The results of the study can be summarized as follows:

a. Commitment to GCG Implementation:
   1) Commitment company deep Apply GCG continuously fluctuates from year to year.
   2) Although there have been some declines in certain years, the level of commitment remains relatively high.
   3) This shows the company's continuous efforts to implement GCG.
b. Relationship with Shareholders and GMS:
   1) The weight level shows that the company has excellent performance in managing relationships with shareholders and the General Meeting of Shareholders (GMS).
   2) Although there was a slight fluctuation, the overall assessment remained very positive.
c. Board of Commissioners/Board of Supervisors:

1) The assessment weights show that despite the year-over-year decline, the assessment rate remains high.
2) The board of commissioners functions well in its role, although the decline may indicate challenges in maintaining high standards.
3) Management:
4) The high level of weight indicates that the company's directors are performing their functions well.
5) Despite the fluctuations, the general trend remains positive, reflecting consistency in the performance of the directors.

d. Information Disclosure and Transparency:
   1) There has been a significant increase in transparency and information disclosure from year to year.
   2) Although there has been a slight decline in the past year, the general trend shows an improvement in information disclosure practices.
e. Other Aspects:

No weight was given to the other category of aspects, suggesting that no additional aspects were taken into account in the assessment during the study period.

3.4 The Impact of GCG Implementation on Financial Performance at PT. Yodya Karya (Persero)

Improving Operational Efficiency, which is the application of the principles of transparency and accountability, encourages companies to improve operational processes and procedures, which contributes to the efficiency of asset use and increased ROA ROE.

- With high transparency, companies can reduce the uncertainty and risks associated with business decisions. This allows management to make better decisions based on the available data, which in turn improves operational efficiency. Transparency also builds trust among stakeholders, including investors, business partners, and employees. This trust is important for better cooperation and support from various parties, which in turn can improve operational efficiency. With more open information, stakeholders can carry out more effective supervision of the company's operations. This creates an environment where management and employees are motivated to work more efficiently and responsibly.
- Strong accountability ensures that every managerial decision and action is closely monitored. This reduces the possibility of mismanagement and misuse of resources, the Board of Commissioners and the Board of Directors play a key role in ensuring this accountability as well as periodic evaluations of financial statements and strategic decisions by the audit committee ensure that management is working in accordance with the company's plans and objectives. This evaluation helps in identifying and improving areas that need improvement. This contributes to improved operational efficiency.
- The application of the principles of transparency and accountability at PT Yodya Karya (Persero) has had a positive impact on the company's operational efficiency. With high transparency, decision-making becomes more precise and data-driven, while accountability ensures that every managerial action and decision can be accounted for. This contribution is seen in the increase in ROA.
- The application of the principles of transparency and accountability at PT Yodya Karya (Persero) has a positive effect on the company's ROE. Transparency increases investor confidence and the quality of decision-making, while accountability ensures better risk management and operational efficiency. This impact was seen in the increase in ROE during the 2017-2021 period, showing that the company managed to effectively leverage shareholder equity to increase profitability.

3.5 The Positive Impact of GCG Implementation as seen from Risk Management, the Role of the Risk Management and Audit Committee at PT Yodya Karya (Persero)

In order to improve financial stability and reduce potential losses, PT Yodya Karya (Persero) has established an effective risk management and audit committee. Here's a detailed description of how these committees contribute to better risk management:

- The risk management committee conducts a proactive analysis of various potential risks that may affect the company's operations and finances. This includes market, operational, credit, and reputational risks. These risks are mapped based on their severity and probability, allowing companies to focus on the most significant risks.
- There is a strategy development, Based on the results of the identification, the committee develops an effective mitigation strategy. This could be diversifying a project portfolio, controlling costs, or establishing a risk reserve. The committee ensures that risk mitigation policies and procedures are implemented consistently across the company's departments.

- The Committee periodically monitors and evaluates the effectiveness of risk mitigation strategies. This is done through regular meetings and structured reporting. If it is found that the strategies implemented are not effective, the committee immediately makes adjustments to ensure that these risks remain under control.
- The audit committee conducts internal audits on a regular basis to evaluate the company's internal controls. This includes checks on the reliability of financial statements, regulatory compliance, and operational effectiveness. Through these audits, the committee can identify weaknesses or gaps in internal controls that could be a source of risk.
- The audit committee ensures that external audits are conducted by independent auditors to provide an objective evaluation of the company's financial condition. Based on the findings of the external audit, the Audit Committee develops recommendations for improvements that must be made by management to improve the quality of risk management.
- The audit committee monitors the company's compliance with applicable regulations and industry standards. This is important to avoid legal and reputational risks that could negatively impact the company. The Committee also ensures that all operational activities of the company are carried out in accordance with the principles of business ethics that have been set.

The application of the principles of transparency and accountability through the risk management and audit committee at PT Yodya Karya (Persero) has helped in identifying and managing risks effectively. This not only reduces losses but also improves the financial stability of the company. Through strict supervision and effective mitigation strategies, the company is able to maintain operational efficiency, increase investor confidence and ensure long-term business sustainability.

3.6 The Positive Impact of GCG Implementation Seen from Stakeholder Trust

- Increased Funding, can be explained Increased trust from investors and creditors as a result of good GCG implementation can open greater access to funding sources. Investors tend to be more willing to invest in reputable companies and transparent and accountable management. With a good reputation and lower risk, companies can obtain funds with lower capital costs. This reduces the financial burden and improves the company's ability to develop new projects.
- Support from Employees and Business Partners, people who work in a fair and transparent environment tend to be more motivated and engaged. This increases productivity and quality of work, which ultimately supports the success of the company's projects. Business partners, including suppliers and contractors, are more likely to work closely with companies that have a good reputation for transparency and accountability. Support from strong business partners helps in the efficient execution of the company's projects.
- Support from the Community and Regulators, good GCG implementation helps companies in obtaining permits and support from regulators more easily. High regulatory compliance and social responsibility strengthen the company's relationship with the government and local authorities. Companies that are considered socially and environmentally responsible are more likely to get support from the community. This can reduce the risk of social conflict and improve the company's image in the eyes of the public.

The implementation of Good Corporate Governance (GCG) at PT Yodya Karya (Persero) plays an important role in increasing stakeholder trust. This trust has a positive impact on increased funding and support for the company's projects. With transparency, accountability, fairness, and responsibility applied consistently, companies can build strong relationships with investors, creditors, employees, business partners, the community, and regulators. This not only supports the company's financial stability but also enables the sustainable growth and development of strategic projects.

3.7 Challenges and Improvements Needed for GCG Implementation on Financial Performance at PT. Yodya Karya (Persero)

While there has been a lot of progress, there are still some challenges in GCG implementation:

- Need for Improved Compliance, Some areas such as financial reporting and internal audits need improvement to ensure stricter compliance with GCG standards.
- Strengthening of GCG committees, Although audit committees and risk management committees already exist, strengthening their roles and increasing their independence can have a greater impact on internal oversight and control.

4 Conclusion

- Good Corporate Governance aims to create transparency, accountability, and responsibility in the management of the company.
- Interest in GCG has increased rapidly since the 1997-1998 global financial crisis, which exposed various unethical business practices and poor corporate management. As the global market develops, stakeholders are increasingly aware of the importance of good corporate governance
- GCG implementation at PT. Yodya Karya (Persero) showed a positive impact on financial performance in general, with effectiveness in asset and equity management reflected in the increase in net profit, ROA, and ROE before the pandemic.
- The rapid recovery after the crisis shows the company's ability to adapt and improve strategies.
- Stagnation in total assets and fluctuations in equities indicate the need to improve strategic planning and investment.
- The decline in financial performance during the crisis shows the limitations of GCG in protecting companies from the impact of major external crises.
- There are fluctuations in equity in companies affected by the Covid-19 pandemic that hit the world.
- The importance of continuing to monitor and evaluate the implementation of Good Corporate Governance regularly in companies, especially PT Yodya Karya (Persero) to ensure that GCG principles are applied consistently and effectively in company management, as well as make necessary adjustments based on developments and challenges faced.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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