



+62 813 8765 4578

+62 813 8765 4578

<https://dinastipub.org/DIJDBM>dinasti-info@gmail.com

IMPLICATION OF GOOD CORPORATE GOVERNANCE ON PT. NI

Endang Pamuji

¹⁾ Universitas Mercu Buana, Jakarta, Indonesia

ARTICLE INFORMATION

Received: 31st May 2020

Revised: 20th July 2020

Issued: 23th August 2020

Corresponding author:
first author

E-mail:

endangpamuji54@gmail.com



DOI:10.31933/DIJDBM

Abstract: Companies that have roles in the pharmaceutical field that are discussed in the health world and are related to direct consumers or indirect consumers, business partners, distributors, and so on. Good Corporate Governance, namely, processes, policies, rules, and policies that affect the direction, management, and control of a company or company. PT.NI. Having business goals that are not just looking for profit but also have social responsibility and assistance in the internal and external environment (human, animal, plant and environment).

Keywords: Good Corporate Government, Pharmaceutical Companies.

INTRODUCTION

As a company engaged in the pharmaceutical field, our company is a place to develop knowledge about medicine, research, and very focused on the treatment of diseases and the development of the health sector. Collaborate with government programs such as the Health BPJS to help realize solutions for the health of the Indonesian people and developments in the health sector. Pharmaceutical companies play a very important role in the process of improving the quality of drugs, new drug discoveries and treatment treatments, quality drugs will also have a positive impact on patients will recover faster and do not take more government funds to do outpatient and inpatient care in the sector BPJS and also the private sector.

Indicators of human resources are determined by the level of education and health of the community, the higher the human resources, the higher the level of need for drugs for maintenance as well as treatment and health insurance. Healthy human resources are the main capital for the State in building and developing the national economy and also have a very big influence for community productivity. The more resources that have good and guaranteed health, the easier it is for a country to develop and develop its economy. Because its human

resources have mastered treatment treatments, knowledge and technology so that the government is easier to build and develop the national economy through the pharmaceutical and health industries.

PT. NI was founded by Dr. Jorge, a Swiss doctor in 1943 and currently an international company in 158 countries in the world, currently our Head Office is in Switzerland. PT. NI has a concentration of drugs for the fields of diseases such as Hypertension, Diabetes, Heart, and Blood Vessels and Respiratory. Our profit results are not only used to provide employee salaries, factory maintenance, improvement of the quality of medicines are also used for research to find new medicines for the future of the company's life later and do not forget some of them we also use to contribute to health, education and charity foundations. The latest is PT. NI donated funds amounting to 1.6 billion to the government to help the handling of Covid-19 in Indonesia.

In the implementation of Corporate Governance in Indonesia, Indonesia is still less superior than countries in Asia, this can be seen from the ranking of Indonesian Corporate Governance in Asia, based on a report on Corporate Governance by the Asian Corporate Governance Association (ACGA) Indonesia ranks lowest in the implementation of Corporate Governance. Although Indonesia's score in 2014 was better than in 2012, it still ranks lowest among Asian countries (www.acga-asia.org). In facing the hypercompetitive pharmaceutical industry business competition, it is necessary to review the implementation of Corporate Governance so that optimal performance and market demand can be met in accordance with the capacity of available resources within the company and also be able to work well and fairly with stakeholders in accordance with Corporate principles Governance. PT NI manufactures tablets, liquids and injections. PT NI strongly applies GCG principles to support a competitive competitive environment.

Research Objectives Explain the Implementation of Good Corporate Governance Principles in relation to stakeholders at PT NI.

The cornerstone of Corporate Governance Theory is a regulation governing the relationship between shareholders, managers (managers) of the company, government, employees, and other internal and external stakeholders relating to their rights and obligations. So it can be concluded that Corporate Governance is a forum that is able to connect everyone involved both externally and internally that aims to control a company.

LITERATURE REVIEW

Good corporate governance (GCG) is needed to create an efficient, transparent and consistent market with the laws and regulations made by the government. The basic principle of the State and its instruments is to create laws and regulations that support a healthy, efficient and transparent business climate statutory regulations and consistent law enforcement. - The business world as a market participant applies GCG as a basic guideline for business implementation. - Communities as users of business products and services as well as those who are affected by the company's presence, show concern and exercise social control objectively and responsibly.

Shleifer and Vishny (1997) state that corporate governance is a concept based on agency theory, which is made so that it can function as a tool to provide investors with confidence that they will receive a return on the funds they have invested. Corporate

governance deals with how investors believe that managers will benefit them, believes that managers will not steal or embezzle or invest in unprofitable projects related to funds or capital that have been invested by investors, and relates to how investors the investor controls the managers. In other words, corporate governance is expected to function to reduce or minimize agency costs.

The purpose of implementing good corporate governance specifically is to create added value for all interested parties. These parties include the company's internal parties such as the board of directors, the board of commissioners, employees, and also the company's external parties including creditor investors, the government, the community, and other interested parties (stakeholders) according to Arifin (2005).

According to Kusmiarti (2020) Corporate Governance is a process and structure used by company organs to improve business success and corporate accountability aimed at realizing shareholder value in the long term while taking into account the interests of other stakeholders, based on legislation and ethical values.

According to Mirza (2020) the application of GCG principles in the business world today is a demand that these companies can continue to exist in global competition.

These objectives include:

1. Develop and increase company value.
2. Manage resources and risks effectively and efficiently.
3. More discipline and responsibility from the work unit of the company for the sake of the interests of the company's stakeholders.
4. Increase company contribution
5. Increase national investment
6. Succeeding the privatization of government companies.

Some of the benefits that can be obtained by implementing corporate governance based on the Forum for Corporate Governance in Indonesia (FCGI) (2001: 4), include:

- 1) Increasing company performance through the realization of a better decision making, increasing the operational efficiency of the company and further improving services to stakeholders.
- 2) Simplify the acquisition of funding funds as well as more economical and increase corporate value.
- 3) Restoring investor confidence to invest in Indonesia.
- 4) Shareholders will feel satisfied with the company's performance because it will simultaneously increase shareholder's value and dividends. Especially for SOEs, they will be able to help receive state budget revenues, especially from the results of privatization. Until now, there are still various kinds of understanding regarding Good Corporate Governance or GCG.

In general, the implementation of good corporate governance is believed to be able to improve the performance or value of Siallagan's company (2006). The concept of good corporate governance itself was introduced in Indonesia since 1999. The application of good corporate governance mechanisms is intended to reduce the occurrence of agency problems at the lowest point. This is as expressed by Jensen and Meckling (1976).

Al-Faki (2006) states that in order to create harmony between company owners and management, transparency from the management of the company is needed, as well as fairness for other stakeholders.

When a company implements GCG, dividend and debt policies in an effort to increase the value of the company will be stronger, the results are Jensen & Meckling (1976). This can be seen when managers make decisions in terms of company policies (leverage, dividends, compensation and so forth).

Principles of Good Corporate Governance

All companies must ensure that GCG principles are applied in every aspect of the business and in all levels of the company. The principles of GCG namely transparency, accountability, responsibility, independence and fairness and equality are needed to achieve business sustainability (sustainability) of the company by taking into account stakeholders (stakeholders). According to KNKG (2006) these five things are defined as follows:

1. Transparency

The company always provides a variety of material and relevant information sources in a way that is easily accessed and understood by the company's major officials. The company must take the initiative to reveal not only the problems that are required by the legislation, but also the things that are important for decision making by shareholders, creditors and other stakeholders. Transparency of the company must be open in the decision making process, information and company policies must be written and proportionate. The transparency window includes reporting to the public about company performance information and product performance, providing a website that can be easily accessed, the company's participation in delivering information to regulatory agencies, participating in community activities, and annual shareholders meetings.

Related to transparency, according to GEMI (2006), the Global Environmental Management Initiative, transparency is a company's openness in sharing information about how the company operates.

Matters that represent transparency according to GEMI are:

1. Public information relating to organizational performance such as Environment, Health, and Safety (EHS).
2. Public website.
3. Participation in conferences and trade shows.

4. Information reported to the media.
5. Public meetings.
6. Open house facilities.
7. Educational initiatives for stakeholders.
8. Participation in community activities or events.
9. Information reported to regulatory agencies.
10. Regular shareholder meetings.
11. Information made publicly available and related to specific projects and business initiatives.

2. Accountability

The company is expected to be able to account for its performance transparently and in accordance with the reality of what is happening. For this reason, the company must be managed properly, measured and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders. Accountability is a requirement needed to achieve sustainable performance. By always taking into account the future of the company in the future, minimizing risk management that may later be faced by the company.

2. Responsibility

Companies must comply with laws and regulations and carry out good responsibilities to the community and the environment so that business sustainability can be maintained in the long run and receive recognition from Good Corporate Citizens. In addition, the preservation of the environment and the community is a moral responsibility for the company because it must be in accordance with our principles as a form of good and safe service for all levels and communities.

4. Independence

To realize the manifestation of GCG principles, companies must be managed independently so that each organ of the company does not dominate each other and cannot be intervened by other parties. Free from conflicts of interest (conflict of interest) and from any influence or pressure, and decisions can be made objectively. Each department is able to have an independent sense of responsibility so that each is able to carry out the responsibility wholeheartedly and without arguments to blame each other in the event of an obstacle. This awareness reflects the maturity of all departments in the company.

5. Equality and Fairness

In this section, the company must always pay attention to the interests of shareholders, other stakeholders and everyone involved in it based on the principle of equality and fairness. Then the decision was taken a lot by the opinions of shareholders, and to the relevant stakeholders in a company project. And

everything that is reasonable related to GCG in a company, especially companies in the pharmaceutical sector must be very careful with all decisions and investment of the company because it will greatly affect the survival of the company.

Stakeholders

According to KNKG (2006), stakeholders are those who have an interest in the company and those who are directly affected by the company's strategic and operational decisions, which among others consist of shareholders, employees, business partners, and the surrounding community. Harmonious relations must always be maintained as a basis for good business relationships and in accordance with applicable principles.

RESEARCH METHODS

According to Sugiyono (2013), the research method is a scientific way to obtain data with specific purposes and uses. The writing method used in this article is a descriptive method of presenting data, analyzing and interpreting based on the implementation of company policies that can illustrate the conduct of business ethics. Descriptive research method is research conducted to determine the value of independent variables either one or more variables without making comparisons or connecting one variable with another.

FINDINGS AND DISCUSSION

PT. NI is a company that concentrates fully in the pharmaceutical and world health sector, therefore PT. NI upholds the values of customer satisfaction, the quality of our products is also complemented by studies that have been carried out for decades and continue to be developed with research for new drug discoveries for the future survival of the company. PT. NI has direct consumers (patients), as well as indirect consumers. PT. NI strongly emphasizes the positive impact on patients, patients are expected to be able to recover from their illness or have a better quality of life without complaints of illnesses suffered by patients even though they are suffering from certain diseases or even serious illnesses. This is in line with doctor's expectations- our doctors that patients will recover faster and as a measure of the success of the treatment carried out, this also proves that the drug is very effective for the treatment of patients. And not only that the good name of the doctor will also be better known by patients so that many are referenced to colleagues and their families, patients will automatically increase and make the Hospital reliable in the eyes of patients and the general public. And give priority to moral values and good manners to its employees as public health servants. Here the company is not only focus on company profits only but also instill responsibility as the main value and sufficient knowledge to be able to convey clearly to the doctor so that patients can be handled properly and precisely according to the needs of patients, especially during emergencies. To realize this, PT. NI applies periodic examinations both verbally and in writing to maintain the competence of its employees. Considering our main goal is healing and improving the quality of life of patients so that they can be handled properly. And also very active in the field of charity and environmental preservation, most recently PT. NI donated funds amounting to 1.6 billion to the government to help the handling of Covid-19 in Indonesia.

Then at PT. NI also applies several regulations so that its business continues to run smoothly, there are no problems between consumers, distributors and our partners. Actually, in the pharmaceutical business world, especially foreign pharmaceutical companies regarding marketing ethics there is a container that regulates it all, namely in IPMG (International Pharmaucetical Manufacturing Global) in which regulates all interactions within a pharmaceutical company, interactions with pharmaceutical companies between competitors, interactions between companies pharmacy with doctors, and pharmaceutical company interactions with pharmaceutical employees.

1. PT NI's vision is "to become a pharmaceutical company that can provide benefits to society and the environment on an international scale and rule the global pharmaceutical market."

2. The mission of PT NI which is believed to be to support the achievement of the vision, namely:

- a. Developing medicinal products needed by the world community, safe and legal.
- b. Manage environmentally friendly companies.
- c. Making the company a zero accident and zero complaint, even for Advers Event events.
- d. Be the first inventor of research on a drug that has not been found before.

PT. NI is also a company that has the goal of creating drugs that improve human expectations, and has a culture of good quality inspiration, curiosity that supports productivity and can carry out independently the responsibilities of each department.

And companies that have the concept:

- a. Go ahead and focus on treatment, supported by qualified ceilings and highly relevant scientific data
- b. Concentration on human resources, optimizing skills, innovation, transformative and operational work perfectly effective and efficient.
- c. Developing with digital technology and the trust of the community and all its business partners.
- d. Conceptualized according to culture, inspiration and work independently and professionally.
- e. Recruitment, talent, diversity, do not distinguish between gender, ethnicity or others.

By maintaining the company's values, namely innovation, collaboration, courage, performance, integrity and quality.

3. Values held by PT. NI is:

- a. Innovation by experimenting and providing solutions.
- Experimenting others to take the same action
 - Requires intelligent risks that benefit patients and customers
 - Providing new solutions with speed and ease.

b. Quality by taking pride in doing ordinary things in extraordinary ways

- Always looking for a better way to do anything
- Do not compromise on quality and safety and strive for the best
- Work continuously to increase strengths and overcome deficiencies.

c. Collaboration by building a team that has outstanding performance with differences and inclusion in it.

- Fight for teamwork that has outstanding performance
- Understand yourself and the impact on others
- Accept differences and include styles, ideas and perspectives.

d. Performance by prioritizing and realizing urgent matters

- Passionate in achieving goals and going further
- Prioritize team results over self-success and recognize the contributions of others
- Prioritizing, deciding, and realizing urgent matters.

e. Courage to be frank with giving and taking advice

- Be straightforward and oppose the norm Recognize when things aren't going well and learn from them
- Give and accept constructive advice.

f. Integrity by encouraging and strongly applying respect, empathy and ethical standards every day

- Carrying out work with high ethical standards
- Be humble, caring and show confidence, race and strongly apply respect, empathy and ethical standards every day
- Live with the Code of Conduct despite facing resistance or difficulties.

4. Main work culture & behavior applied:

- a. It means working in an environment where doing the right thing is more important than achieving sales targets. The way we achieve results is as important as what we achieve.
- b. Everyone is responsible for behaving with integrity, and all partners are encouraged to oppose wrong attitudes.
- c. This means we all do our best for patients in the context of our Experienced Guidelines: "truth" always takes precedence whatever it is.
- d. For me, it means that as a company we value integrity and expect it in all areas of our business, this is a standard that measures our decisions.

5. Code of Ethics for a Health Care Professional (HCP)

- a. Uphold the safety of patients and drug consumers, providing the main benefits of a positive impact or cure for an illness.
- b. Serve and be willing to deal with complaints, needs and difficulties faced by health care providers (doctors, nurses, pharmaceutical installations, and hospital or pharmacy management as well as all departments related to public health medicine services).
- c. Build trust in the community and stakeholders.
- d. Report any unwanted events that occur during drug treatment even though they may not be caused by the drugs we produce (Adverse Events). This incident must be reported within a maximum of 24 hours and registered in the Global.
- e. Provide responses to adverse drug events and those that occur at doses normally used in humans for the prevention, diagnosis or treatment of disease and modification of drug function (Adverse Drug Reaction).
- f. Report a special event (off label) about the use of a drug that has not been approved by BPOM but has been prescribed, it is very mandatory to report.
- g. Must maintain the confidentiality of data both company data, fellow HCP data and patient data.
- h. Identify product complaints in all hospitals and pharmacies that provide our products.
- i. Take responsibility for all forms of verbal, written, electronic, identity, quality, safety, stability, usefulness, effectiveness and performance of the drug.
- j. Anti-Bribery, everything that is done must have an official permit from the Ministry of Health or data and obtain permission from the Hospital.

6. Code of Conduct, is a daily code of conduct related to business relationships with customers, health partners, colleagues, shareholders and the community. Organize includes the following:

- a. Compliance means the ability to act in accordance with applicable rules, both external and internal rules in the most ethical and responsible manner.
- b. Focus on how to strike a balance between ethical, economic and legal considerations for making business decisions.
- c. An honest, open and professional principle is the best way to achieve effective, efficient and long-term performance.
- d. Do not abuse authority or position for personal, family or personal business benefits related to drug procurement.
- e. It is forbidden to accept or give gratuities or bribes to fellow HCPs for any reason and interest.
- f. Maintain confidentiality and properly store all company files and data.
- g. Obligated to adhere to a code of ethics that regulates all activities of pharmaceutical companies and everything related to pharmaceutical activities with Health Care Professionals (HCP) all set out in the International Pharmaceutical Manufacturing Global (IPMG) code of ethics.
- h. Promotion activities are also well regulated by IPMG seeing the increasingly competitive pharmaceutical world market so that as a world-class company we are

required to promote healthy and not harm others. (such as not allowed to include brands or excessive gimmick).

Then are the results of interviews that have been conducted to one of HRD and the main manager regarding the implementation of Good Corporate Governance at PT. NI:

1. Transparency

In all activities carried out by PT. NI is always delivered openly and understood by all employees, regarding the company's vision and mission, the company's targets or the future. Like any research conducted and developed at this time.

2. . Accountability

The structure of PT NI's organization is very clear, and well run. Each informant knows the organizational structure clearly, related to the duties and authority. According to HRD colleagues and the organizational structure manager is very closely related to the jobdesc, in PT NI, the jobdesc of the workers has been clearly explained since the recruitment stage in the orientation period, besides the jobdesc has been written in and signed by the parties concerned with their superiors. Not only that but with all departments related to our performance.

3. Responsibility

The responsibility of PT. SI is not limited to employees, doctors, nurses, pharmaceutical installations and all related management, but we are also responsible for the environmental sustainability of animals, plants and the community. We create as much as possible packaging that is environmentally friendly and does not pollute rivers or soil. Therefore, we manage this by entrusting the CSR department with routine checks on the water around the company environment, so that the liquid waste produced is safe for the environment. Choosing the right factory location so that waste can also be managed well and there is no pollution, according to regulations and directives given by the government. We also care and always participate in social foundations, charities and the environment.

4. Independence

PT NI is able to be managed professionally by the Manager, decisions are made by the Manager in general, both for employees or everything related to the products we produce and circulate. The company is always independent, where no party is making an emphasis on making policies and decisions at PT NI. All matters that have been decided have been through discussion and communicated with all work unit leaders in the company.

5. Equality and Fairness

PT NI shows fair treatment to all employees starting from the recruitment or recruitment process, compensation system, reward, punishment, and career path. The recruitment or recruitment process at PT NI is open to anyone, regardless of religion, race, culture, everyone has the same opportunity. In the compensation, reward, and punishment system, the policy regarding punishment is clearly written in the Company Regulation known as PP, which contains responsibilities and sanctions for violators, while the policy regarding compensation and reward will always be controlled by the HRD Team.

There are several negative impacts if a company or employee violates regulations made by the company, the government or the IPMG code of ethics, namely:

- a. If an employee violates or deliberately leaks company data, patients or other HCP members, the company will expressly sanction employees according to what has been written in company regulations.
- b. If employees intentionally misuse their position for personal or family interests, the company also cannot tolerate it because it is not in accordance with oaths taken by health care workers or HCPs.
- c. Bribery or gratification also poses a very dangerous risk to all HCP members. If it is violated it will result in violation dismissal of position or legality of work and even sanctions in the form of fines must also be carried out either by the government or IPMG.
- d. Violating or not complying with regulations made by the government or the Indonesian Ministry of Health also has a very bad effect on companies, which can be in the form of revocation of operating licenses of foreign companies in Indonesia and even sanctions in the form of fines must also be carried out by either the government or IPMG. Includes maintenance of the environment, drug distribution permit or off label promotion.
- e. Promotion activities are also well regulated by IPMG seeing the increasingly competitive pharmaceutical world market so that as a world-class company we are required to promote healthy and not harm others. (such as not allowed to include brands or excessive gimmick). If this is violated it will result in backlisting and fines by IPMG observers.

CONCLUSION AND SUGESTION

PT. NI has applied the principles of Good Corporate Governance, as a whole the application of everything related to Good Corporate Governance at PT NI has been carried out seeing PT. NI is a worldwide pharmaceutical company, but do not be satisfied with it, it is always necessary to make improvements, modifications to keep going better and as a form of our adaptation to be able to continue to survive in world-class pharmaceutical companies.

For advice given to PT. NI is continuing to develop research or research as a form of business carried out by companies in order to remain consistent in developing and finding the latest treatment methods or compositions for various diseases. Innovation also needs to be continued so that we are not complacent and remain vigilant on the activities of the company's competitors. Always and continue to maintain trust in society, consumers and care for the environment, especially humans, animals and plants.

REFERENCE

- Ali, H. (2020). *Modul BE- GG Corporate Governance*. Jakarta: Universitas Mercu Buana.
- Siallagan, H., & Mas'ud, M. (2006). *Mekanisme Corporate Governance, Kualitas Laba dan Nilai Perusahaan*. Padang: Simposium Nasional Akuntansi.
- Sugiyono. (2013). *Metodologi Penelitian Bisnis*. Bandung: Alfabeta.