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Foundations of Integrity: Good Corporate Governance in the Real Estate Sector – A Systematic Review

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Abstract: Good Corporate Governance refers to the sound management practices adopted by companies to ensure transparency, accountability, and sustainability. This study seeks to examine how good corporate governance has been implemented in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the period 2016–2024. The research employs a Systematic Literature Review (SLR) methodology, guided by the PRISMA Framework and utilizing a qualitative approach. The findings reveal that the application of good corporate governance has a significant impact on firm value, financial outcomes, and overall organizational performance within the property and real estate industry. This study is expected to support policy development and strategic decision-making aimed at enhancing the effectiveness of corporate governance practices in the sector.

Keywords: Good Corporate Governance, Systematic Literature Review, Firm Value, Financial Performance, Company Performance.

INTRODUCTION

To support the achievement of national development, infrastructure remains one of the sectors that contributes most significantly to progress across all regions of Indonesia. Equitable infrastructure development requires the support of accountable and professional construction companies to deliver tangible results that directly benefit all levels of society. Since infrastructure development involves substantial budget allocations, its impact is closely linked to economic growth.

One of the construction subsectors that is currently receiving significant attention from an economic perspective is the property and real estate sector. This subsector manages buildings and land, including residential properties, schools, office or business areas, and other similar developments (Rudianto, 2023). To meet consumer demand for property ownership, companies in this sector are recognized as being among the highest-risk subsectors (Pertiwi & Ismayanti, 2024). This is because investors remain interested in companies in the construction sector, particularly in property and real estate, as a primary choice for investment, which has long-term impacts on economic development and employment (Azizah & Arita, 2024).

Moreover, BEI records from 2017–2021 show that 8 property companies out of 25 total issuers were delisted due to trading suspension exceeding six months (Pertiwi & Ismayanti, 2024).

Breliastiti et al. (2024) found that PT Sentul City, a company in the property and real estate sector, received the "Annual Sustainability and Responsibility Reporting Awards in Indonesia (ASRRAT) 2023" for implementing good governance practices such as building a transparent accounting system, applying enterprise-wide risk management, optimizing internal audits, setting codes of ethics, and maintaining independence to avoid conflicts of interest. Similarly, Ernawati (2020) studied PT Bumi Serpong Damai Tbk, which successfully applied GCG through corporate social responsibility initiatives supporting sustainable city development programs.

Conversely, some companies still fail to optimally implement GCG to ensure accountability, particularly in financial reporting. In 2016, PT Hanson International was involved in a financial statement fraud case by reporting land plot sales amounting to IDR 732 billion (Adesya & Dewayanto, 2021). More alarming, a bribery case involving a vice president of PT Summarecon Agung Tbk emerged in 2022 (Indiantika Mas et al., 2024). These cases highlight the urgent need for proper GCG implementation to guarantee organizational accountability and maintain shareholder trust.

The implementation of GCG is governed by the Ministry of SOEs Regulation No. PER-2/MBU/03/2023, which outlines the Guidelines for Corporate Governance and Significant Corporate Activities, defining GCG as a system founded on the principles of accountability, responsibility, transparency, independence, and fairness. The Indonesian Corporate Governance Code (PUG-KI, 2021) underscores four fundamental pillars: ethical conduct, accountability, openness, and sustainability.

Alamsyah & Yulianti (2022) state that the concept of GCG is a structure and process designed by companies to enhance business and corporate accountability. GCG is characterized as a governance framework that regulates corporations to enhance value for the benefit of all stakeholders (Daffa & Herwiyanti, 2023). It is important for companies to act appropriately in developing superior corporate governance to maintain income stability and financial performance (Takain & Hidayah, 2024). The implementation of GCG refers to corporate governance guidelines in the public sector, which regulate principles, components, and recommendations for corporate governance by disclosing the application of GCG in the annual reports of public sector (Wijaya et al., 2023). Thus, the main focus of GCG implementation is achieving an increase in corporate added value, business accountability, and improved financial performance.

Broadly speaking, certain aspects of ownership structure have a positive correlation with firm value and financial performance. This assertion aligns with the conclusions of Rudianto (2023), Putriatama & Hidayah (2023), and Sarianing & Krisnadewi (2024). However, on the other hand, actual conditions illustrate that GCG implementation in some companies still does not make a maximum contribution to firm value and financial performance. This aligns with the findings of Triprasetyo & Priono (2024), Alamsyah & Yulianti (2022), and Darma et al. (2023).

This study varies from prior research in terms of the research period, the research object, which focuses on property and real estate sector listed on the IDX during the 2016–2024 period, and the use of the systematic literature review method. The objective of this research is to deepen insights into the practice of Good Corporate Governance (GCG) and to offer a general depiction of how it is applied in the property and real estate industry. Through a literature review, this research can provide information regarding the components that may influence GCG and the outcomes of GCG implementation in property and real estate sector. The author hopes that this research will provide insights into governance improvement efforts that can

enhance the quality of public services and maintain public trust in construction projects carried out by companies.

Literature Review

Agency Theory

According to Alamsyah & Yulianti's (2022) proposal, agency theory clarifies the connection between the principal, who acts as the owner, and the agent, who acts as the manager. The principal, or shareholder, has the right to give company responsibilities to the agent, who is trusted to handle daily operations and management tasks on behalf of the principal. The principal and agent are legally bound through a service contract (Alamsyah & Yulianti, 2022). Through agency theory, companies gain insights into capital investment from shareholders and the operational activities of corporate management (Triprasetyo & Priono, 2024).

The concept of agency theory often leads to conflicts between owners and management when there are differences in perception or conflicting interests. Such conflicts may result in agents manipulating disclosed information for personal gain, deviating from the principal's objectives (Pratiwi et al., 2024). Agency conflicts generate agency costs, which can be reduced if the company aims to enhance its firm value (Rizkiartri & Handayani, 2024).

Good Corporate Governance

Good Corporate Governance (GCG) constitutes a system of governance intended to drive corporate success and reflect an enterprise's pursuit of delivering enduring value to its shareholders. It emphasizes prioritizing the long-term interests of stakeholders while adhering to applicable regulations and ethical norms, thereby fostering transparency, accountability, and integrity in corporate practices (Arif, 2020). The concept of GCG can also serve as a guideline in formulating policies, regulations, and behavioral standards that influence corporate management practices (Ernawati, 2020).

The implementation of GCG fosters strong relationships between the company and its stakeholders, facilitating alignment in defining and achieving corporate objectives (Septiana et al., 2021). According to Arif (2020), a company's stakeholders comprise its workers, business associates, suppliers, clients, the community, and other pertinent parties. Each of these groups is essential to maintaining the organisation's operations.

Principles of Good Corporate Governance

Referring to the policy governing corporate governance implementation, namely the Ministry of SOEs Regulation No. PER-2/MBU/03/2023, the application of GCG must adhere to the TARIF principles, which consist of:

1. Transparency – The processes involved in making decisions and sharing critical and appropriate information should be conducted openly and be accessible to all stakeholders.
2. Accountability – The company must have clear functions in implementing, managing, and taking responsibility for organizational activities effectively.
3. Responsibility – The company is required to operate in compliance with prevailing legal standards and regulatory frameworks.
4. Independency – Corporate management must be free from conflicts of interest and interference from external parties while maintaining professionalism.
5. Fairness – Stakeholders' rights must be treated fairly and equally based on applicable contracts and regulations.

Pillars of Indonesian Corporate Governance

Corporate governance is implemented based on the four pillars outlined in the Indonesian Corporate Governance Code (PUG-KI), which include:

1. Ethical Behavior – Conducting company activities by prioritizing honesty, respect, morality, fairness, and independence in fulfilling stakeholder interests.
2. Accountability – Ensuring that the achievement of company performance can be justified in an open and reasonable manner.
3. Transparency – Providing relevant information related to share ownership and company initiatives, ensuring that such information is accessible to all interested parties.
4. Sustainability – Demonstrating the company's commitment to environmental and social responsibility through sustainable development aligned with corporate objectives and stakeholder interests.

Managerial Ownership

According to Rizkiartri & Handayani (2024), GCG mechanisms focus on managing independent commissioners, audit committees, managerial ownership, and institutional ownership. Managerial ownership reflects the percentage of equity held by company executives, which may incentivize them to enhance firm performance and align their actions with the interests of the principals (Azizah & Arita, 2024). As internal parties holding shares, managers are considered capable of helping identify risks in company activities (Rudianto, 2023). The presence of managerial ownership can minimize conflicts of interest because the proportion of ownership between internal stakeholders and management is defined under GCG principles (Umardani & Trisnaningsih, 2023). Therefore, managerial ownership is key to aligning management with the interests of shareholders, reducing conflicts of interest, improving risk identification, and playing a crucial role in corporate decision-making.

Institutional Ownership

Institutional ownership is essential in enhancing supervision and improving the management of business operations (Afrika, 2021). A high level of institutional ownership is associated with improved company performance and reduced agency conflicts due to stronger oversight of management (Indiantika Mas et al., 2024). According to Khaniya et al. (2023), a higher proportion of institutional ownership strengthens the effectiveness of control mechanisms in monitoring and guiding management performance, which in turn contributes to better governance practices and leads to an increase in the overall firm value.

Board of Directors

The board of directors, as the company's highest leadership elected during the General Meeting of Shareholders (GMS), is tasked with supervising and formulating business policies for both short-term and long-term durations (Yulianita & Riharjo, 2018). Sari & Setyaningsih (2023) indicate that a larger board composition contributes favorably to strengthening internal control mechanisms and enhancing the precision of managerial decision-making.

Board of Commissioners

The board of commissioners holds the duty of overseeing the execution of corporate strategies, monitoring management performance, and upholding accountability (Nurjihad C & Ali, 2020). Furthermore, the presence of the board of commissioners as the top-tier governing body reinforces the application of GCG principles within the organization. The position of independent commissioners is neutral regarding managerial decisions, ensuring that both minority and majority shareholders receive equal consideration (Sari & Setyaningsih, 2023). Febrina & Sri (2022) state that the board of commissioners establishes an audit committee to support the execution of supervisory functions and internal control within the company.

Audit Committee

The establishment of an audit committee is essential, as it plays a crucial role as an auditor responsible for enhancing the quality of the company's internal oversight. The functions of the audit committee cover several aspects, including: (1) internal control systems, (2) quality financial reporting, (3) effective internal audit functions, (4) risk management, and (5) regulatory compliance (IKAI, 2023). By optimizing the role of the audit committee, companies can mitigate or promptly detect potential risks that may affect decision-making, enabling management to identify and implement appropriate solutions (Pratiwi et al., 2024).

Firm Value

Firm value is an essential metric utilized by stakeholders to evaluate a company's performance, closely correlated with its capacity to obtain financing (Azizah & Arita, 2024). Rosyid et al. (2022) define firm value as the present value compared to future cash flows. Investors evaluate firm value based on stock prices, as it is considered to impact the welfare of shareholders (Indiantika Mas et al., 2024).

Firm Size

Firm size reflects how a company manages its funding sources, which are essential resources for business activities (Sari & Setyaningsih, 2023). Indiantika Mas et al. (2024) state that firm size is related to the prevention of agency conflicts, as larger companies tend to enable more effective investor oversight. This aligns with Purwaningrum & Haryati (2022) who contend that an increased firm size signifies the company's capacity to provide enhanced value to its owners.

Financial Performance

To assess financial performance, management can disclose it through information presented in financial statements. Financial statements act as a tool for management to demonstrate accountability to stakeholders and reflect the company's success in reaching its goals. (Rizkiartri & Handayani, 2024). The financial performance indicates the company's financial position, whether favourable or unfavourable, as assessed through financial analysis utilizing numerous metrics, including profitability (Yulianita & Riharjo, 2018). High levels of profitability reflect strong financial performance and are likely to draw stakeholders to invest in the company.

METHODS

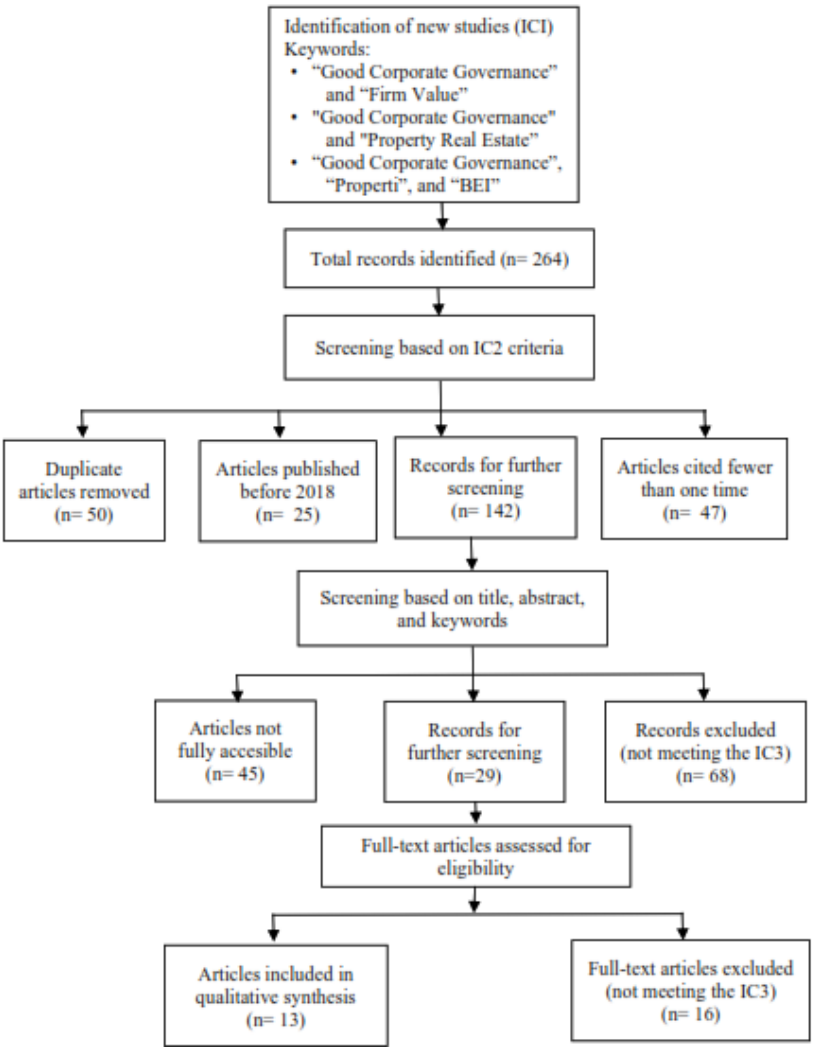
This research employs a descriptive method to explain the implementation of GCG in public companies within the property and real estate sector. The research adopts a qualitative approach using the Systematic Literature Review (SLR) method. Data collection was carried out by gathering references from relevant journal articles sourced from Google Scholar, Emerald, and other digital media for further review. The author limits the publication years of the journals used in this article to the period between 2018 and 2024.

The research object consists of property and real estate companies listed on the IDX during 2016–2024. The literature prioritized in this study is as follows:

1. Reputable international journals: WOS/SCOPUS/ABDC;
2. Accredited national journals: SINTA;
3. Non-accredited national journals;
4. International symposium proceedings;
5. National symposium proceedings; and
6. Textbooks.

This research applies a data analysis technique using Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA). PRISMA is a review process that assists researchers in conducting systematic reviews in a structured manner, ensuring that the research is presented accurately and with high quality (Mishra & Mishra, 2023). With PRISMA, this study seeks to process relevant and high-quality literature based on predetermined criteria (Inclusion Criteria/IC).

The first step (IC1) involves identifying and collecting journal articles using keywords such as "Good Corporate Governance and Firm Value", "Good Corporate Governance and Property Real Estate", and "Good Corporate Governance, Property, and IDX". Next, the selection process (IC2) includes eliminating duplicate articles, ensuring publication dates fall within 2018–2024, and confirming that each article has been cited at least once. Finally, IC3 requires that the literature consists of journal articles specifically discussing GCG in the property and real estate sector. The final decision was made by reviewing the abstract and conclusion of each article to ensure alignment with the study's criteria.



Source: Processed by the Author

Figure 1. PRISMA Framework

From a total of 264 journal articles collected, the author conducted a screening process based on specific criteria by eliminating articles that did not meet the requirements or were less relevant to the research topic. This screening resulted in 13 articles that discuss the role of GCG in property and real estate sector. From these 13 journal articles, the author will analyze key

information, summarize the implementation of GCG, and identify research limitations. The results of this analysis will be presented in Table 1.

Table 1. List of Selected Articles for Review

No	Researcher, Year	Title	Journal Name	Journal Rank	Country
1	Rudianto (2023)	Good Corporate Governance Relation to Tobin's Q: Study on The Property and Real Estate Sub Sector on The Indonesian Stock Exchange	International Journal of Economics and Finance Studies (Turkey)	Q2	Indonesia
2	Alamsyah & Yulianti (2022)	The Effect of Good Corporate Governance on The Financial Performance Of Property And Real Estate Sub-Sector Companies Listed On The Indonesia Stock Exchang	Asian Management and Business Review	SINTA 2	Indonesia
3	Heriyah & Sukirno (2024)	Pengaruh Penerapan Good Corporate Governance terhadap Kualitas Laba pada Perusahaan Sektor Property dan Real Estate yang Terdaftar di BEI Tahun 2018-2022	Jurnal Social Library	SINTA 4	Indonesia
4	Prasetya & Santosa (2020)	Good Corporate Governance, Struktur Kepemilikan dan Kinerja Perusahaan Properti dan Real Estate	CAPITAL: Jurnal Ekonomi dan Manajemen	SINTA 4	Indonesia
5	Pratiwi, D. R., Widiatmoko, J., Indarti, M. G. K. (2024)	Pengaruh Good Corporate Governance dan Risiko Pajak terhadap Biaya Utang (Studi Pada Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia Periode 2019 – 2022)	Journal of Economic, Bussines and Accounting (COSTING)	SINTA 4	Indonesia
6	Putriatama, A., Hidayah, N. (2023)	The Effect of Good Corporate Governance on Financial Performance and Its Impact on Competitive Advantage (Empirical Study on Property and Real Estate Sub-Sector Companies Listed on the Idx for the Periode 2017 – 2020)	International Journal of Environmental, Sustainability, and Social Science	SINTA 4	Indonesia
7	Sari, Y. R., Setyaningsih, N. D. (2023)	Pengaruh *Good Corporate Governance*, Struktur Modal, dan Ukuran Perusahaan terhadap Kinerja Keuangan Perusahaan pada Perusahaan Properti dan *Real Estate*	Jurnal Ilmiah Manajemen Ekonomi dan Akuntansi	SINTA 4	Indonesia
8.	Sarianing, P. A., & Krisnadewi, K. A. (2024)	The Effect of Good Corporate Governance, Leverage, and Company Size on The Value of Property and Real Estate Sector Companies	Transekonomika: Akuntansi, Bisnis, dan Keuangan	SINTA 4	Indonesia
9.	Takain, Y. A., Hidayah, N. (2024)	The Effect of Good Corporate Governance and Liquidity Mechanisms on Financial Performance (Empirical Study	International Journal of Environmental,	SINTA 4	Indonesia

No	Researcher, Year	Title	Journal Name	Journal Rank	Country
		on Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange for the 2019-2022 Period)	Sustainability, and Social Science		
10.	Tanaka, C., Yanty, Y., Rani, D. D., & Rahmi, N. U. (2021)	Pengaruh Komite Audit, Resiko Perusahaan, Ukuran Perusahaan, Good Corporate Governance dan Beban Pajak terhadap Tax Avoidance pada Perusahaan Property, Real Estate and Building Construction yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2016-2019	Jurnal Ilmiah MEA (Manajemen, Ekonomi, dan Akuntansi)	SINTA 4	Indonesia
11.	Triprasetyo, I., Priono, H. (2024)	Pengaruh Good Corporate Governance dan Audit Internal terhadap Kinerja Keuangan dengan Ukuran Perusahaan sebagai Variabel Moderasi pada Perusahaan Properti dan Real Estate yang Terdaftar di BEI Tahun 2018-2022	Journal of Economic, Bussines and Accounting (COSTING)	SINTA 4	Indonesia
12.	Wijaya, B., Goh, T. S., Elidawati, E., & Sagala, E. (2023)	The Influence Of ESOP (Employee Shareholding Program), Good Corporate Governance, Interest Rates, Exchange Rates, Inflation, Deferred Taxes on Financial Performance in Property and Real Estate Companies are Listed on The Indonesia Stock Exchange	Jurnal Ekonomi	SINTA 4	Indonesia
13.	Pertiwi, P. H., & Ismiyanti, F. (2024).	Pengaruh Good Corporate Governance Terhadap Financial Distress Perusahaan Sub Sektor Properti Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2022	Innovative: Journal Of Social Science Research	SINTA 5	Indonesia

Source: Processed by the Author

RESULTS AND DISCUSSION

Referring to the description of the research method, the author has obtained 13 articles relevant to the research topic through a systematic literature review process. These articles will be further examined for information on the researchers, year of research, research methodology, summary of research results, and research limitations. Table 2 provides a summary of this information.

Table 2. Literature Review on the Implementation of GCG in Property and Real Estate Sector Companies Listed on the IDX

No	Researcher, Year	Research Method	Variable	Research Result	Research Limitations
1	Rudianto, D. (2023)	Quantitative descriptive and multiple linear	Good Corporate Governance	The relationship between the implementation of GCG and firm value is measured using Tobin's Q.	This research provides information on the influence of GCG

No	Researcher, Year	Research Method	Variable	Research Result	Research Limitations
		regression analysis	and Firm Value	Institutional ownership, the board of commissioners, independent commissioners, and the audit committee have a significant positive influence on Tobin's Q. In contrast, managerial ownership does not show a significant relationship with Tobin's Q	implementation in enhancing firm value, measured solely using Tobin's Q
2	Alamsyah, M. F., Yulianti (2022)	Association analysis with a quantitative approach	Good Corporate Governance and Financial Performance	Institutional ownership, managerial ownership, and independent directors do not have a significant partial effect on financial performance. However, collectively, Institutional ownership, managerial ownership, and independent directors have a significant influence on profitability.	The research focuses solely on financial performance, particularly profitability, which includes Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM)
3	Heriyah, N., Sukirno, C. A. (2024)	Descriptive statistical analysis with a quantitative approach	Good Corporate Governance and Earnings Quality	The implementation of GCG does not have an effect on earnings quality	The sample in this research was selected using a Non-Probability Sampling method, in which not all members of the population had an equal chance of being selected, thereby increasing the potential for sample bias
4	Prasetya, G. P. L., Santosa, A. (2020)	Descriptive statistical analysis with a quantitative approach	Good Corporate Governance, Struktur Kepemilikan, dan Kinerja Perusahaan	The number of audit committee members has a positive effect on company performance. Independent commissioners, institutional ownership, and managerial ownership do not have a significant effect on company performance. However, simultaneously, the audit committee, independent commissioners, institutional ownership, and managerial ownership have a significant influence on company performance.	The effect of GCG implementation on company performance is proxied by Return on Assets (ROA) and Earnings Per Share (EPS)
5	Pratiwi, D. R., Widiatmoko, J., Indarti, M. G. K. (2024)	Descriptive statistical analysis with a quantitative approach	Good Corporate Governance, Tax Risk, and Cost of Debt	Institutional ownership has a negative effect on the cost of debt. The audit committee and audit quality do not have any	In this research, there are still other variables that have not been tested, as indicated by the

No	Researcher, Year	Research Method	Variable	Research Result	Research Limitations
				significant influence on the cost of debt, whereas tax risk has a positive effect on the cost of debt.	adjusted R-squared value of 34%
6	Putriatama, A., Hidayah, N. (2023)	Path analysis with a quantitative approach	Good Corporate Governance, Financial Performance, and Competitive Advantage	Independent commissioners do not have an effect on financial performance, while the audit committee and institutional ownership have a significant effect on financial performance. Independent commissioners and the audit committee influence competitive advantage, whereas institutional ownership does not have an effect on competitive advantage	This research indicates that ROA, as a mediating variable, does not fully explain the relationship between GCG and competitive advantage.
7	Sari, Y. R., Setyaningsih, N. D. (2023)	Multiple linear regression analysis with a quantitative approach	Good Corporate Governance, Capital Structure, Firm Size, and Financial Performance	Individually, independent commissioners, the audit committee, capital structure, and firm size do not have a significant effect on the company's financial performance, whereas the board of directors has a significant influence on financial performance.	The testing of variables was conducted only partially and has not yet been carried out simultaneously
8	Sarianing, P. A., & Krisnadewi, K. A. (2024)	Multiple linear regression analysis with a quantitative approach	Good Corporate Governance, Leverage, Firm Size, and Firm Value	There is a significant positive relationship between the implementation of GCG and leverage with firm value, while firm size has a negative effect.	The implementation of GCG in this research is represented solely by managerial ownership, which does not fully capture the comprehensive application of GCG
9	Takain, Y. A., Hidayah, N. (2024)	Descriptive and causal with quantitative approach	Good Corporate Governance, Liquidity Mechanism, and Financial Performance	There is no significant effect of independent commissioners and institutional ownership on financial performance. The audit committee and current ratio have a significant negative effect on financial performance	The financial performance variable used in the analysis is limited to Return on Assets (ROA), which does not adequately reflect the company's overall financial condition
10	Tanaka, C., et al (2021)	Descriptive and quantitative approaches	Audit Committee, Company Risk, Company Size, Good	The audit committee, firm risk, GCG, and tax burden do not have a significant effect on tax avoidance. Firm size has a negative effect on tax avoidance	The percentage of the impact of the independent variables examined in this research yielded an R^2 value

No	Researcher, Year	Research Method	Variable	Research Result	Research Limitations
			Corporate Governance, Tax Expense, Tax Avoidance		of 11.4%, indicating that there are still other variables not included in the analysis
11	Triprasetyo, I., Priono, H. (2024)	Partial Least Square (PLS) with a quantitative approach	Good Corporate Governance, Internal Audit, Financial Performance, and Company Size	GCG and internal audit do not have an effect on financial performance. Firm size, as a moderating variable, is not able to mediate the relationship between GCG and internal audit with financial performance	The scope of the research is limited due to the unavailability of information on annual reports and the number of internal auditors from companies in the property and real estate sector.
12	Wijaya, B., et al (2023)	Quantitative	Employee Shareholding Program (ESOP), Good Corporate Governance, Interest Rates, Exchange Rates, Inflation, Deffered Taxes, and Financial Performance	The Employee Shareholding Program (ESOP), Good Corporate Governance, interest rates, exchange rates, inflation, deferred taxes, and financial performance do not show a significant relationship with firm performance	The percentage of the impact of the independent variables examined in this study yielded an R^2 value of 13.2%, indicating that there are still other variables that have not been investigated, such as leverage, firm size, and firm ag
13	Pertiwi, P. H., & Ismiyanti, F. (2024).	Quantitative	Good Corporate Governane and Financial Distress	There is a significant negative relationship between the audit committee, the proportion of the board of commissioners, and profitability with financial distress, whereas board size and leverage have a significant positive effect on financial distress.	This research employs a quantitative approach; however, it does not disclose the testing process for each variable, resulting in incomplete information being presented.

Source: Processed by the Author

What is the impact of GCG on operational efficiency, financial performance, and company value in property and real estate companies?

Companies in Indonesia, including those engaged in property and real estate, have realized that the implementation of GCG principles plays a crucial role in helping companies achieve their strategic organizational goals. By adopting GCG, companies not only strive to improve operational efficiency and management transparency, but also ensure compliance with regulations and build trust among key stakeholders, such as investors, clients, and business partners. The effectiveness of GCG implementation is measured using ownership structure variables consisting of independent commissioners, institutional ownership, managerial ownership, and audit committees. Other financial variables used as supporting factors include company size, leverage, audit quality, tax risk, debt costs, and current ratio. Overall, prior

research has explored the association between GCG implementation and financial indicators and macroeconomic factors, such as financial performance, company performance, company value, profit quality, tax avoidance, and financial distress. These studies have used various quantitative approaches, including descriptive analysis, path analysis, and multiple linear regression.

What are the key factors in the implementation of GCG that influence company value in property and real estate companies?

The research results on GCG implementation, including institutional ownership, the board of commissioners, independent commissioners, and the audit committee, show a strong positive relationship with company value, which is further supported by the leverage variable. Conversely, corporate growth adversely affects value, whereas managerial ownership does not significantly impact it. (Rudianto, 2023; Sarianing & Krisnadewi, 2024).

The findings of the research regarding the implementation of GCG on financial performance present a more diverse perspective. Based on the research by Alamsyah & Yulianti (2022), Putriatama & Hidayah (2023), and Sari & Setyaningsih (2023), independent boards of directors, managerial ownership, institutional ownership, and audit committees have a significant influence on financial performance. Takain & Hidayah (2024) explicitly state that the audit committee and current ratio exert a considerable detrimental influence on financial performance. However, on the other hand, the research results of Putriatama & Hidayah (2023) and Sari & Setyaningsih (2023) state that independent commissioners and audit committees do not individually affect financial performance. This differs from the findings of Takain & Hidayah (2024), who state that there is no correlation between independent commissioners and institutional ownership with financial performance. With internal audits, the implementation of GCG does not affect a company's financial performance (Triprasetyo & Priono, 2024). No correlation was found between macroeconomic factors, such as exchange rates, inflation, interest rates, deferred taxes, and company performance. (Wijaya et al., 2023).

CONCLUSION

According to the literature reviewed in this study, the implementation of GCG has been widely adopted by companies, as evidenced by the establishment of ownership structures. However, the implementation of GCG in property and real estate sector shows varying relationships with different financial aspects and company performance. This indicates that the impact of GCG implementation in this sector remains inconsistent. The inconsistency in research findings regarding the effect of GCG on firm value, financial performance, and overall company performance is due to differences in research methodologies and objects, which vary according to the characteristics of each study.

Management elements such as the board of commissioners, the board of directors, managerial ownership, institutional ownership, and the audit committee can enhance firm value and financial performance. This is because the company is supervised by parties with the appropriate expertise and resources to oversee operational activities in a professional manner (Rudianto, 2023). With the support of financial variables, the influence of GCG implementation can be viewed more broadly, indicating that GCG practices are embedded in the company’s operations. Through optimal implementation of GCG, increased share ownership can enhance management’s motivation, which in turn can improve the value and performance of property and real estate sector from various perspectives.

Research Limitations

The limitations identified in this research include the use of reviewed articles that focus solely on the implementation of GCG in property and real estate sector listed on the IDX during

the period 2016–2024. As a result, the findings may not provide a detailed and comprehensive overview of GCG implementation across the broader corporate landscape. In addition, the conclusions drawn by the author are general in nature, as they are based solely on the selected literature sample without conducting cross-validation.

Suggestions

Through this research, the author suggests several directions for future studies and policy improvements. Future studies may consider using research objects from other sectors, such as banking or manufacturing, as a comparison in the implementation of GCG, in order to obtain a broader picture of GCG practices. Subsequent research can also include additional GCG indicators or other relevant variables, to provide more practical and implementable insights for enhancing firm value and financial performance, particularly in property and real estate sector.

For policy recommendations, this study aims to provide valuable insights for corporate policy formulation and managerial decision-making in property and real estate companies. While GCG principles have been adopted in this sector, companies need to enhance the functions of the audit committee and the board of commissioners in overseeing internal corporate governance. It is also essential for property and real estate companies to optimize risk management in order to minimize project failure risks and prevent corruption cases that may harm both the company and the public. Furthermore, these companies should enhance the embedded, comprehensive, and sustainable application of GCG principles to build stakeholder trust and improve corporate reputation.

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