LEADERSHIP IN GOOD CORPORATE GOVERNANCE (GCG) AS A ROLE MODEL OF ANTI-FRAUD CULTURE

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ABSTRACT
The presence of Good Corporate Governance (GCG) in Indonesia is one of the solutions in creating activities that can help to avoid any form of scandal in the company including fraud. However, the reality of Good Corporate Governance (GCG) to date has not been fully implemented. The rules of Good Corporate Governance (GCG) itself can not necessarily be applied well by the parties in the company. It takes a leadership and maximal support from regulators in the form of legal umbrella that is expected to create an anti fraud culture in the implementation of Good Corporate Governance (GCG). In order to succeed, an organization requires a strong leader. The success and the failure of an organization are determined by its leader. It takes a leader who is able to carry out collaboration, inspire and motivate subordinates he leads because leadership is the main factor of the success or even the failure of an organization. In addition, a positive leadership type will also form a positive culture in a company that will eventually become a role model of anti fraud culture.

Keyword: Leadership, GCG, Culture, Anti-fraud

1. INTRODUCTION
Current changes in the era of globalization have an impact on the implementation of Good Corporate Governance (GCG). These changes have made GCG an urgent matter for various organizational groups, both large and medium scale. However, it is difficult to distinguish significantly between large-sized companies and medium-sized companies. Even though both have the same concept of Good Corporate Governance, in practice, the implementation will be different. The implementation of GCG itself is related to the distribution strengths, responsibilities, consequences, and accountability towards the achievement of an organization.

The implementation of GCG is inseparable from the organizational culture that applies within the organization itself. Culture, according to Schein in Umam (2010), is a dynamic phenomenon in the conditions of “here and now” and a background of coercive structures that influence the group in several ways. Culture is continually applied and created by interactions carried out by groups formed by the behavior of the group itself. Greertz (in Driskill & Brendton 2010) argues that organizational culture consists of significant networks that continue to be spun by the organization itself, and built through interaction.

Culture that develops in an organization cannot be separated from the influence of leaders in the organization. It takes the character of a leader who is able to inspire and motivate the subordinates he leads. As a leader, he must be able to influence upward, sideways and downward. Therefore, the achievement of Good Corporate Governance (GCG) is
inseparable from the role of a leader who is able to create a positive culture in it.

To find out the background of leadership in Good Corporate Governance (GCG) as a role model of Anti-Fraud Culture, it can be analyzed based on several factors, including leadership aspects in Good Corporate Governance (GCG) that form the stigma of Anti-Fraud Culture.

Identification of the problems in this study is limited to the development of leadership in Good Corporate Governance (GCG) in companies that is then associated with an anti-fraud culture.

This study examines the extent to which aspects of leadership in Good Corporate Governance (GCG) can be a benchmark in anti-fraud culture in Indonesia.

This study aims to find out. Leadership in Good Corporate Governance (GCG) as a system or role model in anti-fraud culture.

Benefit of the Study. This study is expected to be able to provide a description and contribution in the implementation and improvement of leadership system in Good Corporate Governance (GCG) in Indonesia through two aspects: Theoretical Aspect. This aspect can be used as a reference or support in the development of literature in assessing leadership in a Good Corporate Governance (GCG) system. Practical Aspect. This aspect can be used by business people in the government sector, private sector, and state institutions including state-owned enterprises and regional-owned enterprises.

2. LITERATURE REVIEW AND HYPOTHESIS

Good corporate governance (GCG)

Corporate governance is the main topic that has been widely discussed by the public in recent years. In general, the ability of a country to attract foreign capital is highly dependent on the corporate governance system it holds and to what extent the management of a company respects and adheres to the legal rights of shareholders, lenders, bondholders, and non-controlling shareowners. Investors are also not willing to invest in companies in a country that does not have effective corporate governance systems (Jeswald W. Salacuse, 2004).

Good corporate governance (GCG) is a healthy corporate governance concept. The failure of large-scale companies, financial scandals (such as unhealthy political activities and the culture of corruption), and economic crises in various countries have made many companies focus their attention on the importance of implementing good corporate governance (Nindyo Pramono, 2006).

An effective corporate governance system must be able to provide adequate incentives for commissioners and directors to achieve company goals in the interest of the company and its shareholders. This system must also be able to facilitate the existence of effective supervision, thus encouraging companies to use existing company resources more efficiently (Jeremy Charles Vanderloo, 2004). Moh Wahyudin Zarkasy put forward five principles in good corporate governance (GCG) (Moh Wahyudin Zarkasy, 2008).

Transparency

The basic principle which aims to maintain objectivity in running a business is that a company must be able to provide relevant material and information in a way that can be easily accessed and understood by stakeholders. The company must take the initiative to disclose not only the problems required by legislation, but also the important thing to make decisions by shareholders, creditors and other stakeholders.

Accountability

The basic principle is that a company must be able to account for its performance transparently and fairly. For this reason, the company must be managed correctly, measurable and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite needed to achieve sustainable performance.
Responsibility
The basic principle is that a company must comply with the laws and regulations and carry out responsibilities to the community and the environment so that business continuity can be maintained in the long term and get recognition as a good corporate citizen.

Independence
The basic principle is that for smoothing the implementation of corporate good governance (GCG), a company must be managed independently so that each company organ does not dominate each other and cannot be intervened by other parties.

Fairness
The basic principle is that in carrying out its activities the company must always pay attention to the interests of shareholders and other stakeholders based on the principle of equality and fairness.

In addition, the other legal basis used is Law Number 28 of 1999 concerning the Management of a country that is Clean and Free from Corruption, Collusion and Nepotism (State Gazette of the Republic of Indonesia Number 75 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3851); Regulation of the State Minister for State-Owned Enterprises Number: PER-01 / MBU / 2011 concerning the Application of Good Corporate Governance in State-Owned Enterprises as amended by Regulation of the State Minister for State-Owned Enterprises Number: PER-09 / MBU / 2012 and Decree of the Secretary of the Ministry of State-Owned Enterprises Number: SK-16 / S-MBU / 2012 dated June 6, 2012 concerning Indicators / Parameters for Assessing and Evaluating the Implementation of Good Corporate Governance in State-Owned Enterprises.

Fraud
Fraud is included in the classification of crime, that is, an action carried out by someone, a group of people or companies against the law with the intention to benefit them (themselves) or other people. In the Black’s Law Dictionary (Henry Campbell Black, 1991) provides the definition of fraud as follows:

- A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment; is usual tort (esp. when the conduct is willful) it may be a crime;
- A misrepresentation made recklessly without belief in its truth to induce another person to act;
- A tort arising from knowing misrepresentation, concealment of material fact, or reckless misrepresentation made to induce to act to his or her detriment.

Based on the definition above, there are three elements that must be fulfilled as criminal acts of fraud, such as: the existence of elements of acts against the law in the
form of errors, concealment of material facts, or carelessness with the intention of deceiving others to act or do. It can also be said that an act can be categorized as fraud if it has at least four criteria that must be met, namely:

- The act is intentionally carried out by the perpetrator;
- The existence of victims;
- The victim obeys the wishes of the perpetrator;
- There is a loss experienced by the victim.

According to International Standards on Auditing (ISA) section 240 regarding the auditor’s responsibility to consider fraud in a financial statement audit, fraud is defined as an intentional act by a person or several people between management, Those Charge With Governance, employees or third parties by deceiving to obtain benefits that cannot be justified or that are illegitimate or against the law (Tuanakotta, 2014).

Fraud can occur due to three conditions (fraud triangle) (Albrecht et al., 2012), namely.

**Perceived Pressure**
Pressure will lead to situations where someone or a group of people are encouraged to commit fraud. This pressure can be caused by greediness, family needs that must be met immediately, employee dissatisfaction with the work environment, and others.

**Perceived Opportunity**
Opportunity is a condition where a person has the opportunity to commit fraud. Usually this opportunity arises because of the weak internal control system of the company. This opportunity can also start from pressure or encouragement in a person so that he looks for opportunities for cheating.

**Rationalization**
Rationalization is one’s thought that justifies the fraudulent action he committed. This thought arises because someone saw another person in his organization had committed fraud, but did not get sanctions for his actions. Besides, this thought can arise because, according to him, the assets he takes are indeed his rights because he feels he has provided contribution or services to the company.

In line with the dynamics of the culture of fraud, historical phenomena in corruption that occur in Indonesia are directly proportional to research conducted by Lambsdorff (2008) in Abidin and Siswandi (2015) that reforms in the field of corruption will not play much role if the culture that can encourage corruption is still maintained, where a low level of trust can increase corruption, because it does not encourage good cooperation between the community and the government.

In fact the Corruption Eradication Commission (Indonesian: Komisi Pemberantasan Korupsi / KPK) has taken part in an effort to enforce good corporate governance (GCG) in a company. This is because the major violations of good corporate governance (GCG) are usually criminal acts of fraud, corruption and various kinds of internal conflicts of interest within the company. One example of a violation is a violation that tends to be carried out by the person who can be said to be close to the head of the company. The person concerned should then be sanctioned, but in practice he is not sanctioned on the basis of a close relationship with the leader. In this case it can be said that there is inconsistency in imposing the sanctions.
The culture of shame that has a positive meaning has been lost among the perpetrators of corruption or has even disappeared in the middle and upper class society. What happens is that the shame culture, which has negative meaning, is rampant when the corruption cases involve him, institutions, organizations, or corporations where he works eventually there is collective movement to overthrow the KPK. (Ari Nur Rahman, 2017).

In an effort to prevent fraud in a company, it is necessary for commissioners, directors and staff to be able to become role model for employees in the company they lead. As for those who play a role in implementing good corporate governance (GCG) practices according to KEP 117 / M-MBU / 2002 are:

- Board of Commissioners
- Company leaders
- Unit Head
- Structural Officials
- Employees

Leadership

Various views on leadership were put forward by some experts. Leadership is interpreted as a process of influencing others to facilitate the achievement of relevant organizational goals (Ivancevich, Konopaske and Matteson, 2008: 413). In this case, leadership uses influence in setting organizations or situations and produces meaningful influence which has a direct impact on resolving challenging objectives.

Based on various views on the definition of leadership from experts, it can be formulated that leadership is basically the ability of a leader in terms of influencing, motivating, encouraging and facilitating the activities of all human resources to give their best commitment and contribution to achieving organizational goals. Therefore, the basic principle of leadership is that people make an organization and engaged to create loyalty.

Building and realizing good corporate governance (GCG) as a structure and system is not just a slogan or just compliance with applicable regulations. There is a close correlation between good corporate governance (GCG) and corporate culture in creating a healthy investment climate. A healthy climate and professional management will increase public trust in the company.

In Indonesia alone there are two systems in a company organ, that is, the directors who run the management of the company and the board of commissioners who actively conduct corporate supervision. If the top level of a company, in this case the board of directors, is in trouble, then the board of commissioners must carry out its function to conduct supervision including check and balance. In practice, it often happens that when the leader is unable to enforce rules explicitly, the supervision to the lower sector will be difficult to do or apply. Therefore, the main key is in the top level of the company’s management.

When the above efforts are unsuccessful, the shareholders at the General Meeting of Shareholders (GMS) replace the supervisory function of the board of commissioners. The General Meeting of Shareholders (GMS) is a collection of shareholders. Individually, a shareholder cannot provide direct instruction to the board of directors, but when they are gathering with other shareholders in a forum the General Meeting of Shareholders (GMS), they can become the highest institution in decision making in a company.

Many leaders fail to take responsibility. They quickly point their finger at other people for the failure in the organization they lead. They do not have the skills to make decisions so they blame others. Simply, a leader is said to be effective if he can achieve the goals and targets that have been previously determined. Leadership effectiveness, among others, is indicated by the nature of leaders in the dimensions of intelligence, personality and abilities (Ivancevich, Konopaske and Matteson, 2008: 416).
3. METHODS
Research Method and Design
In a study, there should be a method as a benchmark in presenting a result of research. According to Sarantakos (1993) in Kurniadi (2011), method is a tool for social researchers to choose the basic elements in their methodology, such as perception of reality, definitions of science, perception of human behavior, and research objectives.

This study uses a qualitative method. According to Kirk and Miller (1986) qualitative methods are certain traditions in social science that are fundamentally dependent on observing humans in their own region and relating to these people in their language and terminology. According to Bogdan and Taylor (1975) in Moleong (2004), qualitative methods are research procedures that produce descriptive data in the form of words or verbal from people and observable behavior.

Type and Source of Data
Data collection in this study is conducted using observation technique. According to Nasution (1998) in Sugiyono (2012), observation is the basis of all science. Scientists can only work based on data, that is, facts about the world of reality obtained through observation. The data are often collected with the help of various sophisticated tools, so that very small objects (protons and electrons) and very far away objects (space objects) can be observed clearly.

According to Spradley (1980) in Setiono (2013), there are three stages of observation: 1) Descriptive observation; 2) Focused observation; and 3) Selected observation. Based on these opinions, through observation researchers have a wide opportunity to collect more in-depth and detailed data until court decisions on corruption that have occurred.

4. RESULT AND DISCUSSION
The presence of Good Corporate Governance (GCG) in Indonesia is one solution to creating conducive business activities and can avoid all forms of scandal in the company. But in reality, Good Corporate Governance (GCG) has not been fully implemented until now. The rules of Good Corporate Governance (GCG) are not necessarily applied well by the parties within the company. It takes a leadership and the support from the regulator to form a legal umbrella that can create an anti-fraud culture in the implementation of Good Corporate Governance (GCG).

The leadership needed in an effort to support the creation of a Good Corporate Governance (GCG) system is a leadership that has high energy and stress tolerance, emotional stability and maturity, and strong personal integrity. With these characteristics, a leader who is supported by other leaders in a company will be able to be a role model of his subordinates and confident in his stance despite the many pressures that come in an effort to realize a Good Corporate Governance (GCG) system that is effective in minimizing fraud in his company.

In addition to the existence of a good corporate governance (GCG) system that has not been running effectively and influenced by the absence of a strong leadership figure, it is not shocking to hear that the occurrence of fraud in a company results in considerable losses for the company. This can be seen by the fact that there are still many leaders who are still involved in corruption because they are still tempted by the benefits for personal or group as the decisions they take. Therefore, the Good Corporate Governance (GCG) system formed is solely aimed at the continuity of the reporting process to the regulator.

There may be practices of corruption within the internal condition of the company that might have been detected by management, but the management just lets it happen and it becomes a culture. This kind of culture happens like a business process in general, so that in carrying out fraud prevention actions within the company there is a selection system that causes distortion between the movements of employees supervised by the Internal Audit and the movements of employees...
supervised the Audit Committee which are increasingly narrow. However, this is inversely proportional to the increasingly wider movements of officials to practice fraud by making the situation as if this were the highest leadership decision in the company. Therefore, if fraud cannot be detected and stopped, it will be fatal for the company. Preventing fraud is a form of effort in warding off potential actors, narrowing down the space and identifying activities that are at risk of fraud.

Fraud prevention efforts are integrated efforts carried out so that the causes of fraud (fraud triangle) can be suppressed (Sudarmo et al., 2009) through the following efforts:

- Minimizing the opportunity to commit fraud;
- Reducing pressure on each organ of the company so that is able to meet its needs;
- Eliminating the emergence of a sense of rationalization that raises the reason for justification for fraudulent actions taken.

A strong organization has a strong leader, where the organization can be a successful organization. The success and failure of an organization is highly determined by its leader. The increasingly rapid economic development in the era of globalization also requires a leader who is able to carry out collaboration, inspire and motivate the subordinates he leads.

5. CONCLUSION
Based on the observations of researcher, it was found that the implementation of good corporate governance (GCG) in Indonesia is very vital. It is also accompanied by a strong leadership style in running a business that supports anti-fraud efforts. The GCG implementation and good leadership can prevent the occurrence of fraud and scandal in the company (such as fraud and corruption) and help the company get out of the economic crisis. In addition, GCG implementation and good leadership benefit companies in Indonesia in dealing with the flow of globalization and keeping up with the development of the global economy and competitive world markets. The suggestions put forward related to “leadership in good corporate governance (GCG) as a role model of anti-fraud culture” are as follows: For the Government. Providing broad access to independent auditors to be able to carry out checks on companies related to the use of state money. However, in this examination, it is expected that the independent auditors not bargain with the company that they examine related to the implementation of the Good Corporate Governance (GCG) system. The existence of mutual exchange of information (synergizing and integrating) with the independent state inspection body to provide more extensive information related to the implementation of the Good Corporate Governance (GCG) system starting from a comprehensive assessment to the assessment of the background of officials who will be trusted to lead the state companies. Rearranging the rules and mechanisms contained in Government Regulations related to the use of Public Accounting Firm (KAP) in companies, by limiting the maximum use of Public Accounting Firm (KAP) and Public Accountants (AP). The current regulation has eliminated one (one) important element, that is, the limitation of the use of Public Accounting Firm (KAP) that was previously listed in the Minister of Finance Regulation No. 17 / PMK. 01 / 2008 Article 2 paragraph (1) letter a, that the maximum use of Public Accounting Firm (KAP) is 6 consecutive years. Where in the Government Regulation (PP) Number 20 of 2015 on further regulation of Law Number 5 of 2011 there are no more restrictions for the use of Public Accounting Firm (KAP), but there are only restrictions for Public Accountants (AP) for 3 consecutive years. Because it is alleged that even though the Public Accountant (AP) has changed according to its limits, the implementation in the field is usually still the same and there is no audit team rotation in the Public Accounting Firm (KAP) body, because with too many independent auditors carrying
out checks, it is feared that there will be more bargaining between auditors and companies related to the findings found by the audit team, so that the findings raised in the representation of management are only the findings that are under agreement of the two parties. It is feared that cases of violations of professional ethics will reappear as before. The suggestions above are expected to have a positive impact on the implementation of Leadership in Good Corporate Governance (GCG) as the Role Model of the Anti-Fraud Culture.

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