

Pengajaran Corporate Governance dan Perkembangan CG Scoring

Simposium Nasional Akuntansi XVI Manado – Workshop Bidang Ilmu

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Topik Bahasan

- Tinjauan konsep Corporate Governance (CG)
 - Pengertian CG
 - Manfaat good corporate governance (GCG)
 - Prinsip-prinsip CG
 - Instrumen pengukur CG
 - World Bank ROSC
 - ASEAN CG Scorecard
 - Hasil Penilaian praktek CG di Indonesia

Topik Bahasan

- Pengajaran CG di program studi S1, S2, dan S3 Akuntansi
 - Mengapa perlu?
 - Tujuan pengajaran
 - Tinjauan kurikulum
 - Metode pengajaran
 - Evaluasi pengajaran
 - Topik bahasan
 - Bahan bacaan

Mengapa perlu GCG

- Teori keagenan
 - Hubungan prinsipal – agen
 - Pemegang saham – Manajemen
 - Pemegang saham non-pengendali – pemegang saham pengendali
 - Kreditur – Manajemen
 - DII
 - Pemicu masalah keagenan
 - Informasi asimetri
 - Perilaku self-interest
- Stewardship Theory

Need for CG

- To control the possible conflict of interests among parties
- To protect the interests of principals
- Ultimate Objective: enhancing shareholder value, whilst taking into account the interests of other stakeholders.

Corporate Governance: Definition

- The process and structure used to **direct** and **manage** the business and affairs of the company towards enhancing business **prosperity** and **corporate accountability**.
- CG is concerned with holding the **balance** between economic and social goals and between individual and communal goals. The governance framework is there to encourage the **efficient** use of resources and equally to require **accountability** for the **stewardship** of those resources. The aim is to **align** as nearly as possible the interests of individuals, corporations, and society (Cadbury Report).

Corporate Governance: Definition

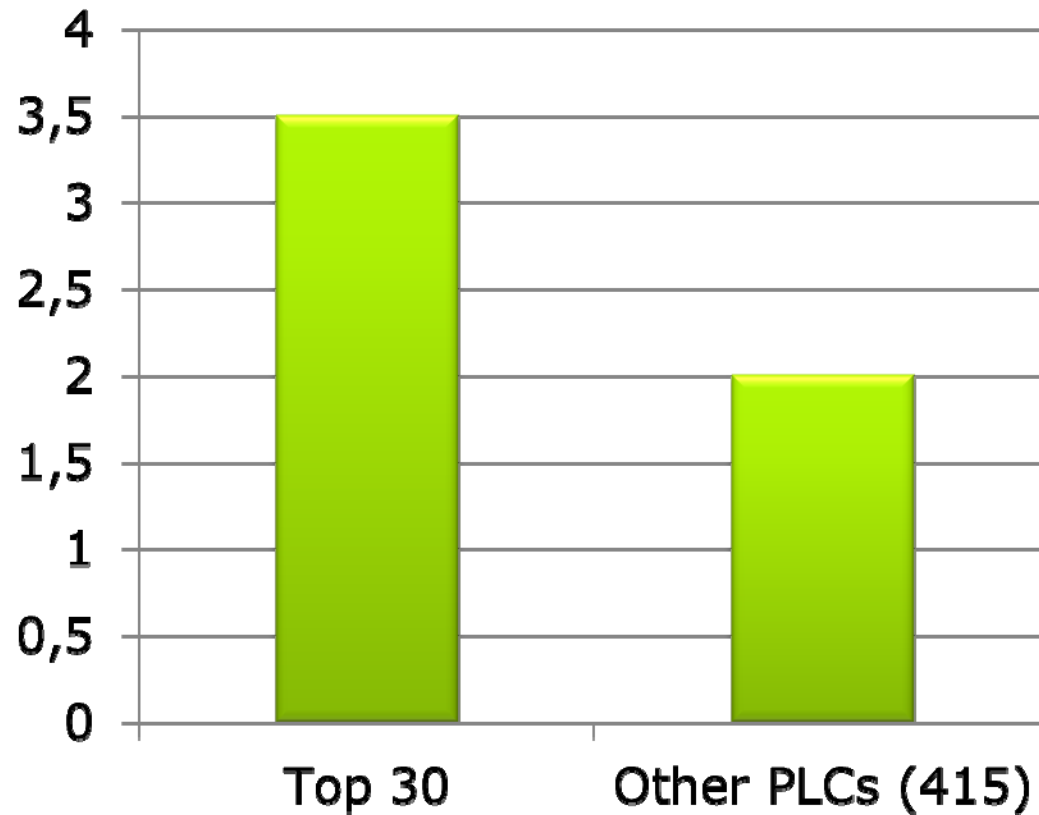
- Cadbury (1992): Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the **distribution of rights and responsibilities** among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out **the rules and procedures** for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

What can good corporate governance bring to a corporation?

- Creation and enhancement of a corporation's competitive advantage
- Enabling a corporation to perform efficiently and preventing fraud and malpractice
- Providing protection to shareholders' interest
- Increasing the valuation of an enterprise
- Ensuring compliance with laws and regulations
- Alleviating poverty by enhancing social responsibilities

Top 30: More Highly Valued than the rest of PLCs at IDX

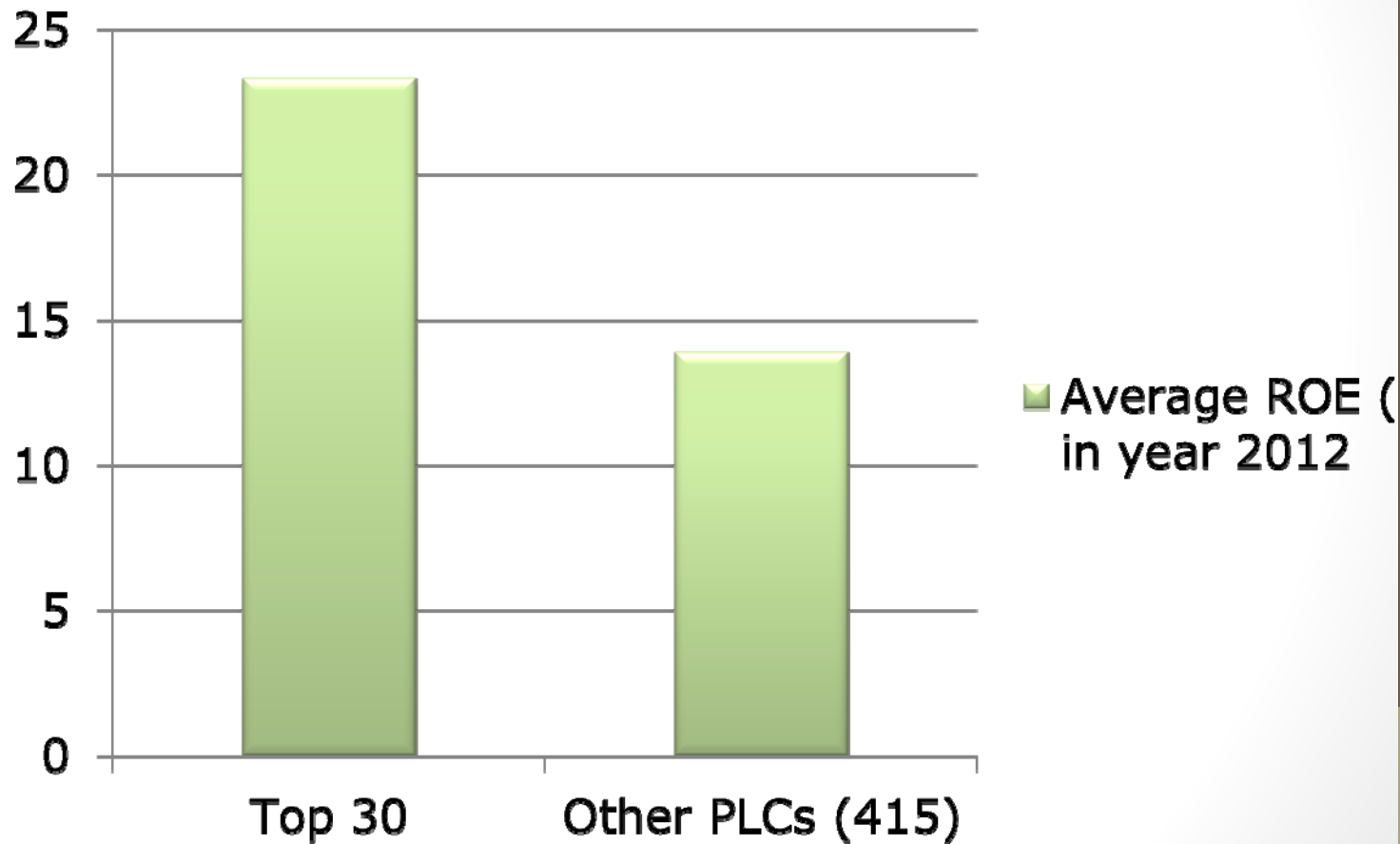
Average Price to Book Value of Equity as of Dec 2012



■ Average Price to Book Value of Equity as of Dec 2012

Top 30: More profitable than the rest of PLCs at IDX

Average ROE (%) in year 2012



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Pillars of Corporate Governance

Transparency

Accountability

Responsibility

Independence

Fairness

OECD Principles of Corporate Governance

1. Ensuring the basis of corporate governance framework
2. **Protecting** shareholders' rights.
3. The **equitable** treatment of shareholders, including minority shareholders.
4. Recognizing the rights of **stakeholders** and encouraging **active co-operation** between corporations and stakeholders.
5. **Ensuring timely and accurate disclosure is made on all material matter regarding the corporation.**
6. Effective **monitoring** of management by the board, and the board's **accountability** to the company and the shareholders.

This course focuses on Principle 2 to 6.

World Bank: 2010 CG ROSC Assessment of Indonesia

- Benchmarks law and practice in Indonesia against the OECD Principles of Corporate Governance
- By the end of June 2010, 75 assessments had been completed in 59 countries around the world.

Summary of Results

CG Principles	2009	2004	Asia Pacific Region
Enforcement & Institutional Framework	72	-	68
Shareholder Rights	72	56	73
Equitable Treatment of Shareholders	75	60	62
Role of Stakeholders	70	60	71
Disclosure & Transparency	73	60	72
Responsibility of the Board	66	60	68



The CG Ranking of

ASEAN

PLCs & the
CG
SCORECARD



ASEAN Corporate Governance ranking - Background

Objectives

- Raise CG standards and practices of ASEAN
- Showcase and enhance visibility and investability of well-governed ASEAN PLCs
- Complement other ACMF initiatives and promote ASEAN as an asset class

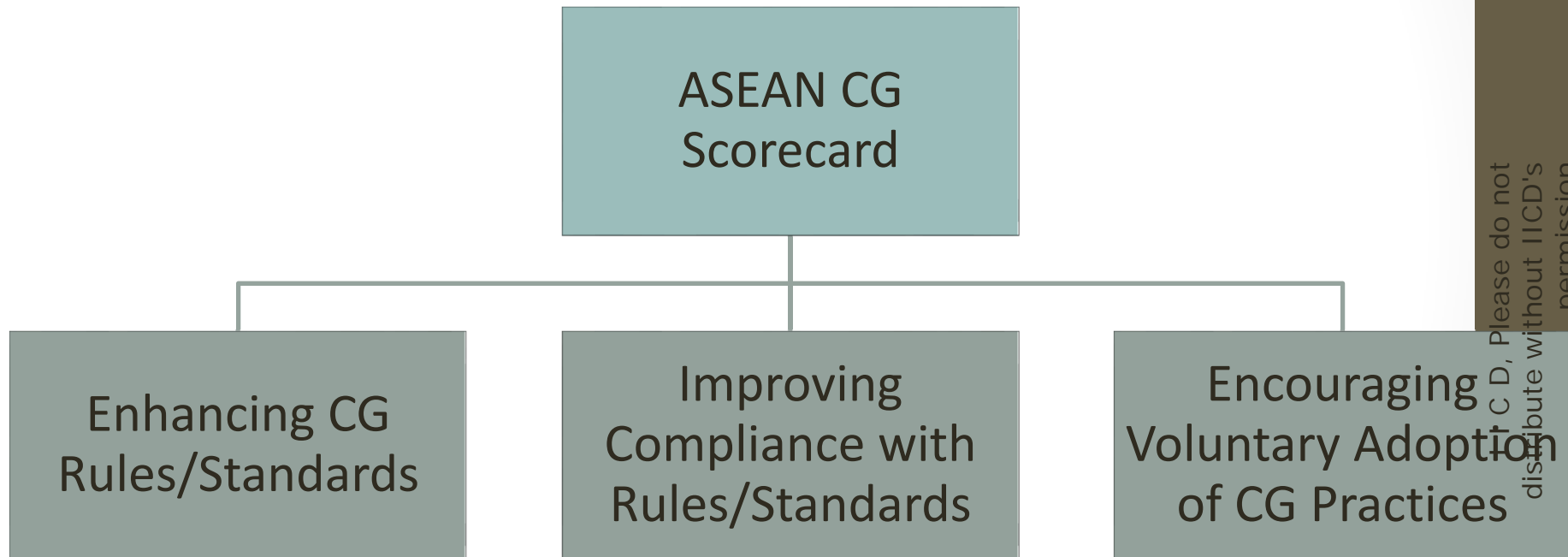
Approach

- ACMF: Create a universal CG Scorecard containing key elements of good CG
- Devise a scoring methodology
- Validate and publish ASEAN CG Scorecard
- Assess ASEAN PLCs identifying top 50 PLCs in each jurisdiction and top 50 PLCs regionally

Progress

- ASEAN CG Scorecard released to public in March 2012
- Assessment of 100 PLCs in 6 ASEAN Countries, July – Oct 2012
- Release of domestic top 50 PLCs in Feb 2013
- Submit top 50 PLCs regionally to regulators in March 2013
- Release of top 50 PLCs regionally in year 2015

Raising CG Practices with ASEAN CG Scorecard



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ASEAN CG Scorecard

Globally Based

- OECD CG Principles
- Other International and Regional Standards

Regionally Developed

- Six participating countries
- Move beyond local rules/standards

Public Information

- English
- Easily Accessible

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STRUCTURE OF THE ASEAN CG SCORECARD

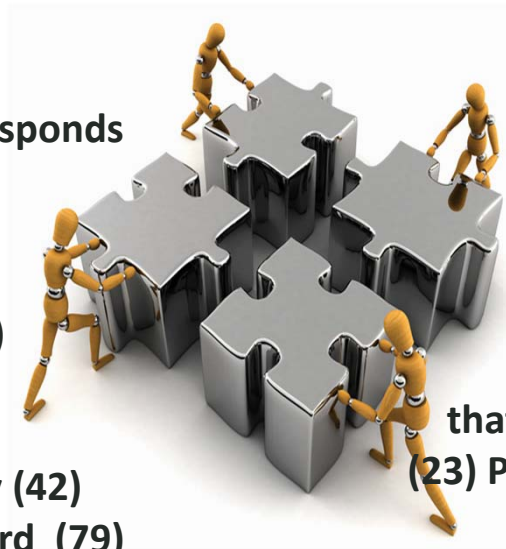
There are two levels to the ASEAN CG Scorecard

Level 1

Has five major sections that corresponds to the OECD Principles

- Part A: Right of Shareholders (26)
- Part B: Equitable Treatment (17)
- Part C: Role of Stakeholders (21)
- Part D: Disclosure & Transparency (42)
- Part E: Responsibilities of the Board (79)

Total no of items/ descriptors (185)



Level 2

Two additional Sections
Bonus & Penalty

- (11) Bonus items for companies that go beyond minimum standards
- (23) Penalty items for companies with poor practices

Total bonus and penalty items (34)

Sources of Information

- Annual Report
- Website
- Press Release/Corporate announcements
- Notice of Meeting of Shareholders
- Resolutions of Meeting of Shareholders
- Minutes of Meeting of Shareholders
- Board manual/charter
- Code of conduct/ethics
- Sustainability/CSR Report
- Media coverage
- Any other easily accessible public information
- Language: Indonesia and English

Scoring Methodology

Assessment relies primarily on publicly available and easily accessible information – annual report, company websites, company announcements, circulars, articles of association, minutes of shareholders meetings, CG policies, codes of conduct and sustainability reports.

Step 1: Level 1 Scoring

- ❖ each descriptor/ item in Level 1 attracts 1 point
- ❖ add all scores in each Part, divide by the number of questions, multiply weightage and then add to sum of other Parts
- ❖ conducted by the individual CG experts designated to assess that country
- ❖ peer review conducted on a sample for quality control
- ❖ If items are mandated, by default get 1 point (except for part D)

Step 2: Level 2 Scoring

- ❖ bonus scores varies (from +1 to +2)
- ❖ penalty scores (from - 1 to -10)

Step 3: Total Scores

- ❖ add up sum of level 1 and 2 to arrive at final score

Part A – Rights of shareholders

	Rights of shareholders	Examples
A.1	Basic shareholder rights	<ul style="list-style-type: none"> • Shareholders able to approve total remuneration paid to directors? • Non controlling shareholders have a right to nominate candidate for board of directors? • Attendance at AGM, timely and sufficient disclosure of AGM and issues to be decided, comprehensiveness of minutes, voting process , disclosure of voting results, voting in absentia • Fairness of M&A, takeover, appointment of an independent party to evaluate transaction price • Disclosure of policies to encourage shareholders to attend AGM
A.2	Rights to participate in fundamental decisions such as amendments to constitution, authorisation of additional shares, transfer of assets resulting in sale of the company	
A.3	Participate and vote in general shareholder meetings and be informed of rules including voting procedure that govern general shareholder meetings	
A.4	Markets for corporate control allowed to function in efficient and transparent manner	
A.5	Exercise of ownership rights by all shareholders including institutional investors should be facilitated	

Part B – Equitable treatment of shareholders

	Equitable Treatment of Shareholders	Examples
B.1	Shares and voting rights	<ul style="list-style-type: none"> • Ordinary or common shares having one vote for one share • Conduct of AGM, sufficient and timely information to enable effective decision making by shareholders • Details in the notice/circulars of an AGM • Board members to disclose any material interest or conflict of interest. • Review of significant RPTs to determine fairness and in the best interest of the company • Disclosure that RPTs are fair and conducted at arms' length
B.2	Notice of AGM/Circulars	
B.3	Insider trading and abusive self-dealing should be prohibited	
B.4	Related-party transactions by directors and key executives	
B.5	Protecting minority shareholders from abusive actions	

Part C – Role of stakeholders

	Role of stakeholders	Examples
C.1	The rights of stakeholders established by law or through mutual agreements are to be respected	<ul style="list-style-type: none"> • Recognition of broader interest where companies make additional commitments on health, safety and welfare to stakeholders due to concern over corporate reputation and corporate performance. • Company’s efforts to interact with the communities in which they operate • Company having a separate CSR/sustainability report • Training and development programmes for employees. • Compensation policy beyond short term financial measures. • Company having procedures for complaints by employees.
C.2	Where stakeholder interests are protected by law, stakeholders should have opportunity to obtain effective redress for violation of their rights	
C.3	Performance-enhancing mechanism for employee participation should be permitted to develop	
C.4	“Whistleblower protection” – stakeholders and representative bodies should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this	

Part D – Disclosure and transparency

	Disclosure and Transparency	Examples
D.1	Transparent ownership structure	<ul style="list-style-type: none"> Information on shareholding discloses identity of beneficial owner holding 5% or more. Disclosure of direct and indirect shareholdings of directors. Comprehensive reporting in annual report incl. corporate strategy, financial and non-financial indicators, dividend policy, whistle blowing policy, number of board meetings and attendance during the year, remuneration details for each director etc Disclosure of name of related party, relationship, nature, rationale and value of RPT Disclosure of audit and non-audit fees, whether non-audit exceed audit fees and whether same firm was engaged for both. Channel for communication - interim report, website, analyst briefing, press conference. Whether corporate website contains comprehensive and up-to-date information.
D.2	Quality of annual report	
D.3	Disclosure of related-party transactions	
D.4	Directors dealings in shares of the company	
D.5	External auditor and audit report	
D.6	Methods of communication	
D.7	Timely filing /release of annual/ financial reports	
D.8	Corporate website	
D.9	Investor relations	

Part E – Responsibilities of the Board

	Responsibilities of the Board	Examples
E.1	Clearly defined board responsibilities and corporate governance policy	<ul style="list-style-type: none"> • Role of board clearly stated • Decisions requiring board approval disclosed • Disclose board charter, details of code of ethics, implementation and compliance with code of ethics. • Board comprise 5 and not more than 12 members with independent directors at least 3 making more than 50% of the board • Independent directors are independent of management and substantial shareholders, number of years in service, number of directorships. • Board papers provided at least 5 days prior to meeting, disclosure of role and experience of co. secretary.
E.2	Code of ethics or conduct	
E.3	Corporate vision/mission reviewed and approved by the board	
E.4	Board structure & composition	
E.5	Skills and competencies	
E.6	Board chairman – separation, independence, disclosure of roles and responsibilities	
E.7	Board meetings and attendance	
E.8	Orientation programme for new directors	
E.9	Director training	
E.10	Access to information	
E.11	Nominating Committee – composition, independent chairman, number of meetings, TOR, attendance	

Part E – Responsibilities of the Board (cont.)

	Responsibilities of the Board	Summary
E.12	Board appointment and re-election	<ul style="list-style-type: none"> • Process and criteria of director selection • Disclosure on director’s renewal policy • Remuneration committee’s composition, TOR, frequency of meeting, attendance • Disclosure of remuneration policy, fee structure for non-executive directors, whether total remuneration approved by shareholders • Independent directors receiving options, performance share/bonus. • Audit committee composition, led by independent chairman, number of meetings, attendance. • Internal audit separated, outsourced, process for appointment/removal
E.13	CEO/executive Management appointments and performance	
E.14	Board appraisal – frequency, process, criteria	
E.15	Director appraisal – process, criteria	
E.16	Committee appraisal	
E.17	Remuneration committee / compensation committee	
E.18	Remuneration matters	
E.19	Audit committee	
E.20	Internal audit	
E.21	Risk oversight	

Bonus

Principle	Bonus point if...
Rights of shareholders	Company allows use of secure electronic voting in absentia at general meeting of shareholders
Equitable treatment of shareholders	<ul style="list-style-type: none"> • Company release its notice of AGM (with detailed agenda and explanatory circulars) at least 28 days before date of meeting • Company has a policy requiring directors and key officers to seek approval before they deal in company shares
Disclosure and transparency	Company discloses the identity of advisers/consultants to the remuneration /compensation committee appointed by the board and whether they are independent or have declared any conflict of interest
Responsibilities of the Board	<ul style="list-style-type: none"> • Company has at least one female independent director • Nominating committee comprise entirely of independent directors • Company compiles board profile when considering candidates to the board • Company uses professional search firms or other external sources of candidates when searching for candidates to the board • Company sets a limit of five board seats in PLCs including its unlisted subsidiaries • Company appoints external consultant to facilitate the board assessment at least once every three years • Annual report contain a statement from the board of directors or AC commenting on the adequacy of company's internal control/risk management systems

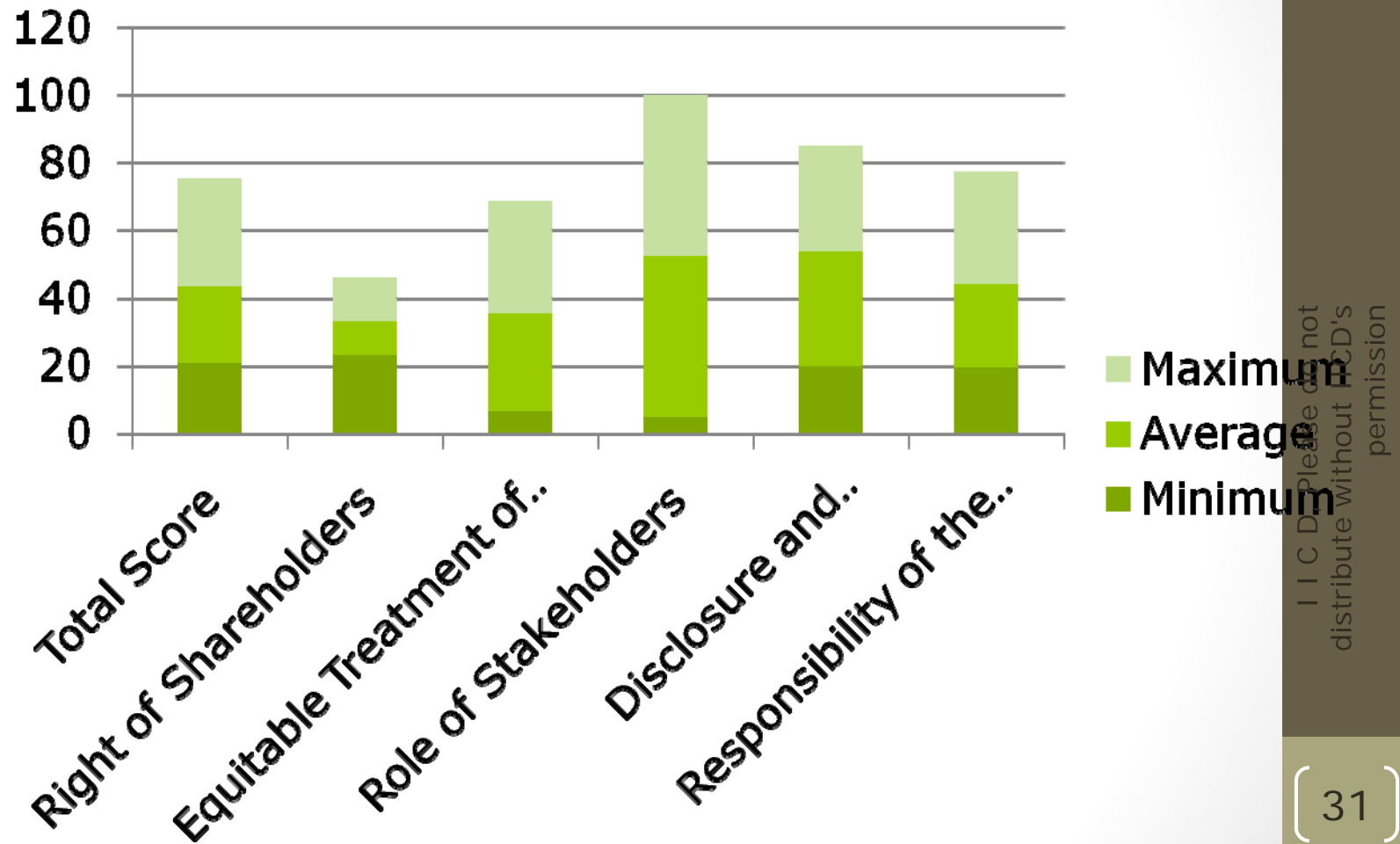
Penalty

Principle	Penalty point if...
Rights of shareholders	<ul style="list-style-type: none"> • Company fail or neglect to offer equal treatment for share re-purchase to all shareholders • There are evidence of barriers preventing shareholders from communicating or consulting each other • Company include any additional and unannounced agenda item into the notice of AGM/EGM • Company fail to disclose existence of shareholders agreements, voting cap, multiple voting rights • Company demonstrate any form of pyramid ownership structure and/or cross holding structure
Equitable treatment of shareholders	<ul style="list-style-type: none"> • There has been conviction of insider trading involving directors, management and employees in the past three years. • There has been non-compliance with the laws, rules and regulations pertaining to significant or material RPT in the past 3 years
Role of stakeholders	<ul style="list-style-type: none"> • There has been violations of any laws pertaining to labour/employment/consumer/insolvency/commercial/competition or environmental issues • Company has faced sanctions by regulators for failure to make announcements within the requisite time period for material events

Penalty (cont)

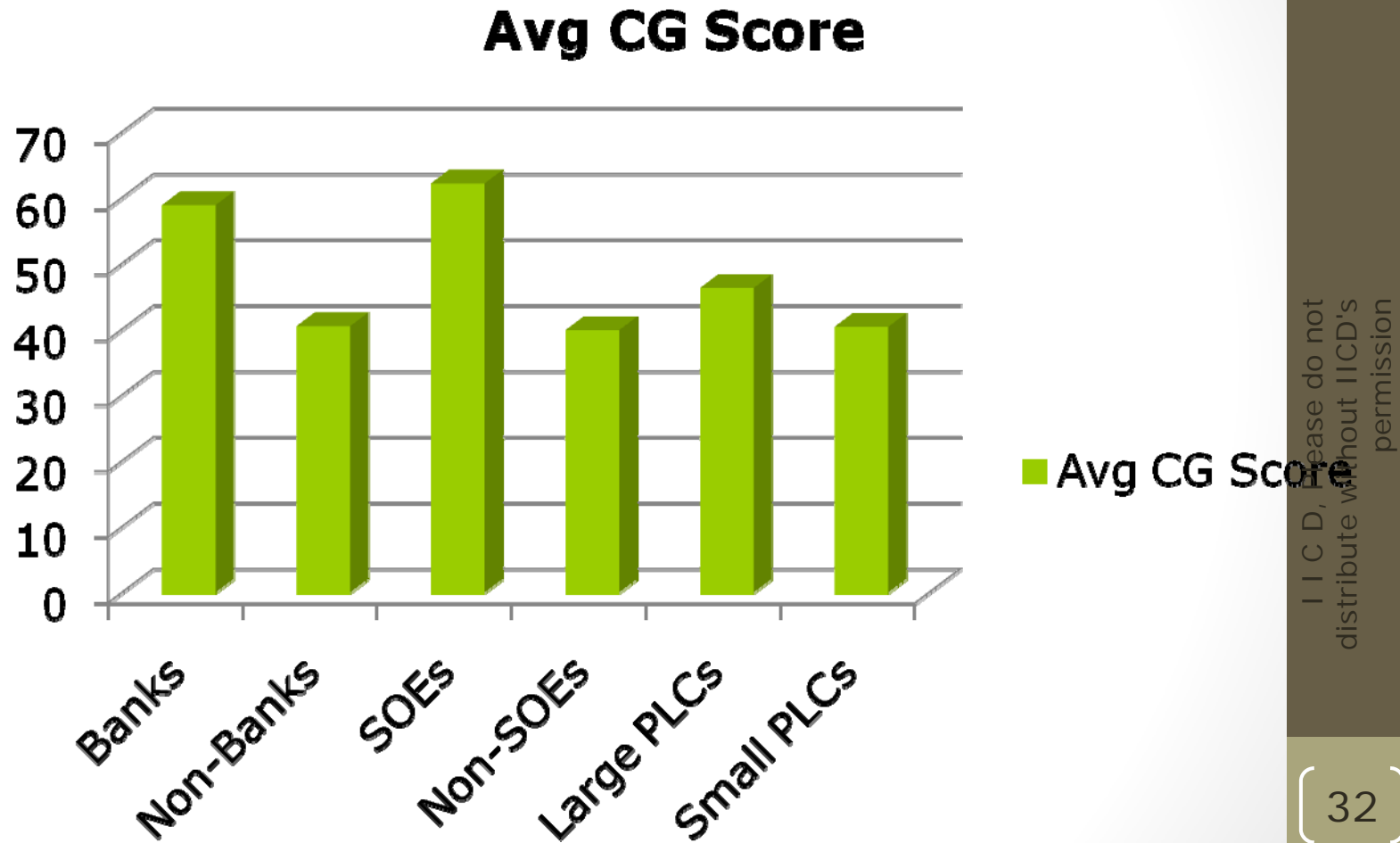
Principle	Penalty point if...
Disclosure and transparency	<ul style="list-style-type: none">• Company receive “qualified opinion” or “adverse opinion” in external audit report• Company receive “disclaimer of opinion” in its external audit report• Company, in the past year, has revised its financial statements for reasons other than changes in accounting policies.
Responsibilities of the board	<ul style="list-style-type: none">• There are evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules• There have been instances where non-executive directors have resigned and raised any issues of governance-related concerns• There have been major corporate scandals that point to weak board of directors oversight• Any of the director or senior management a former employee or partner of the current external auditor (in the past two years)

CG Scorecard: Results for Indonesia



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Avg CG Score by Sector, Ownership, and Size



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For more information, pls visit:

[http://www.theacmf.org/ACMF/upload/asean_cg_s
corecard.pdf](http://www.theacmf.org/ACMF/upload/asean_cg_s
corecard.pdf)

Pengajaran CG di Program S1, S2, dan s3 Akuntansi

Peran Profesi Akuntan dalam Mewujudkan GCG

- Mengurangi tingkat informasi asimetri
 - Penyedia informasi keuangan maupun non-keuangan
 - Atestasi terhadap kewajaran informasi
- Meningkatkan efektivitas pengarahannya (direction) dan pengawasan (oversight) perusahaan
 - Dewan Komisaris, Direksi, Komite Audit, Internal Audit, Controller, Chief Accountant

Mengapa perlu diajarkan di Program Studi Akuntansi?

- Memahami peran akuntan dalam mewujudkan GCG
- Mengapresiasi pentingnya kompetensi dan independensi bagi profesi akuntan
- Mengapresiasi pentingnya penguasaan bidang ilmu akuntansi (akuntansi keuangan, akuntansi manajemen, auditing, sistem informasi) untuk menjalankan perannya sebagai akuntan dalam mewujudkan GCG

Mengapa perlu diajarkan di program studi Akuntansi

- Program Sarjana
 - Memahami dan menghayati prinsip-prinsip CG
- Program Magister
 - Mengevaluasi praktek corporate governance di suatu perusahaan
- Program Doktor
 - Memperkaya riset dan pengajaran di bidang akuntansi
 - Memberikan masukan upaya peningkatan praktek CG di Indonesia

Tujuan Pengajaran CG di Program Studi Sarjana FEUI

1. Memahami konsep *Corporate Governance* (CG) serta alasan diperlukannya praktek CG yang baik (GCG).
2. Memahami manfaat dari praktek GCG terhadap perusahaan dan perekonomian.
3. Memahami prinsip-prinsip GCG.
4. Memahami pentingnya perilaku bisnis yang beretika dalam mewujudkan praktek GCG.
5. Memahami pentingnya peran akuntan dalam mewujudkan GCG.
6. Menganalisis praktek CG di Indonesia.

Tujuan Pengajaran CG di Magister Akuntansi FEUI

- Memahami konsep Corporate Governance (CG) serta alasan diperlukannya praktek CG yang baik (GCG).
- Mampu mengaplikasikan pelaksanaan prinsip-prinsip GCG dalam suatu entitas.
- Mampu menjalankan perilaku bisnis yang beretika dalam mewujudkan praktek GCG.
- Memahami peran akuntan dalam mewujudkan GCG serta mampu mengaplikasikannya.
- Menganalisis dan mengevaluasi praktek CG di suatu perusahaan.

Tujuan Pengajaran Governance di Program Pascasarjana Ilmu

Akuntansi FEUI

- The overall objective : to provide students with the tools needed to understand and develop their own research on governance in the context of both corporate as well as public sector.
- Students should pass the course with adequate knowledge and research skill in governance area, so that they have better capability to create, analyze, and critique such research. The course should also assist students to identify research topics and finding the research gaps to be filled by their own research.
- More specifically, the course objectives are to provide students with:
 - Comprehension in Governance literature, including variety of theory and approach in Governance Research
 - Understanding constructs and measurements used as variables in Governance Research
 - Capability to conduct research in Governance that positively contribute to the development of Governance in Indonesia

Mata Kuliah Prasyarat

S1 dan s2:

- Hukum bisnis
- Keuangan perusahaan
- Akuntansi keuangan dasar
- Auditing dasar

S3:

- Corporate governance pada level s2
- Teori keuangan

Metode Pengajaran (s1 dan s2)

- Tidak hanya mengembangkan kemampuan kognitif, tetapi juga *soft-skill*
- Meminimalisir metode ceramah
- Mendorong partisipasi aktif peserta didik
 - Diskusi, tanya jawab (s1, s2)
 - Analisis kasus CG (s1, s2): presentasi dan laporan
 - Evaluasi praktek CG (s2): presentasi dan laporan
 - Laporan makalah individu (s1)

Metode Pengajaran Governance – s3

- Diskusi kelas membahas makalah riset governance
- Pembuatan laporan tinjauan kritis terhadap makalah riset governance
- Pembuatan makalah riset empiris mengenai governance

Bahan Bacaan

- Umumnya buku teks dari luar negeri (i.e., Amerika):
 - Memfokuskan pada konflik kepentingan antara pemegang saham dan manajemen
 - Mengasumsikan struktur satu dewan
 - Mengacu ke UU negara yang bersangkutan
- Bahan bacaan menggunakan berbagai sumber.

Bahan Bacaan

- Aturan yang relevan:
 - UU Perseroan terbatas, UU Pasar Modal
 - Aturan Bapepam-LK/OJK/BEI yang terkait
 - Aturan lain yang terkait
- Prinsip-prinsip corporate governance:
 - OECD Corporate Governance Principles
 - Pedoman Good Corporate Governance (KNKG)
- Artikel-artikel yang terkait dengan CG

Bahan Bacaan

- Khusus S2:
 - World Bank, 2010, Report on Observance Standards and Codes: Corporate Governance Country Assessment:Indonesia.
 - ACMF-ADB, ASEAN Corporate Governance Scorecard: Country Report and Assessments 2012-2013,
 - ACMF, ASEAN Corporate Governance Scorecard - template, www.theacmf.org/ACMF/upload/asean_cg_scorecard.pdf

Topik Bahasan

- Lihat lampiran silabus:
 - Program Sarjana
 - Program Magister
 - Program Doktor

Terima Kasih