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Good Corporate Governance Principles in the Management Economic through Cooperation

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Abstract:

The principle of good corporate governance is one important thing that is needed to achieve a conducive business climate in their activities. Article 33 Paragraph (4) Constitution of the Republic of Indonesia becomes a philosophical basis for running good economic governance (GCG) in Indonesia. This paper tries to find a formulation of the principles of good corporate governance in the management of the economy through cooperation.

The provisions of Article 33 Paragraph (4) Constitution of the Republic of Indonesia as a general principle in the national economy and then further elaborated in the Law on Cooperatives principles of good corporate governance in the management of the economy through cooperation is the principle of togetherness, equitable efficiency sustainable, environmentally friendly, self-reliance, self-help, responsible, democratic, equality, honesty, openness, responsibility, educational, and concern for others and balancing progress and national economic unity.

Keywords: Principle of good corporate governance, the management, economic, cooperation

1. Introduction

In order to improve the welfare of the Indonesian people, then according to Article 33 paragraph (1) of the Constitution of Republic of Indonesia (State Constitution RI 1945) economy is structured as a joint effort based on family principles. This means, the arrangement of the Indonesian economy is a joint effort by sharing control over Indonesia's economic potential between the state (government) and the public (private) because of the economic system Indonesia called mixed system as mentioned also in the Explanation of the Constitution the Republic of Indonesia Year 1945 that Indonesian economy to avoid liberalism, etatisme and free fight liberalism. Article 33 paragraph (1) is the basis of democracy of Indonesia's economy is reinforced by paragraph (2) by dividing the control of the economic potential between the state and the people, namely the production branches which are important for the country and dominate the life of people controlled by the state. This provision is related to the efforts of community service broadest controlled because it is the parts relating to basic needs, such as electric, water, telecommunications, mass transportation, while other areas may be controlled by the community/individuals. Thus it can be understood that the Indonesian economy is a mixed system of capitalism/liberalism with the communist system.

Economy related to business entities that manage the economy and thus also related to development. As noted by Ranupandojo (1990: 1) that the economic life of a country strongly influenced by the life companies because perusahaanlah that provide added value into economic power. One form of control over the branches of production between the state and the private sector is the freedom to establish companies. In relation to the freedom to establish the form of the company, Jimmy Assiddiqie (2008: 693), notes that there are four things necessary to achieve a conducive business climate in their activities, namely the guarantee of freedom sought, legal certainty, security and good governance. The principle of good corporate governance is a general principle that must be considered in managing an economy to achieve its objectives.

In Article 33 (4) of the Constitution of the Republic of Indonesia is determined that the national economy shall be organized based on economic democracy with the principles of togetherness, sustainable fair efficiency, environmental friendliness, independence and balancing progress and national economic unity. Principle contained in that provision be philosophical basis for running good economic governance in order to realize a society that is fair and prosperous Indonesia based on Pancasila as the state and the Constitution of the Republic of Indonesia Year 1945 as a constitutional basis

Basically, the core of the implementation of the principles of good corporate governance, is the separation of ownership with control in managing companies in a clean and competitive because the separation it became clear implementation or management of companies with supervision. Thus it can run effective oversight to prevent potential abuse of the company that resulted in the company becoming inefficient and bankrupt. In the Minister of State Enterprises No. PER-01MBU/2011 on the Amendment to the Decree of the Minister of State-Owned Enterprises No. KEP-117/M-MBU/2002 on the Implementation of good corporate governance

in State Owned interpreted as principles processes and mechanisms underlying a company's management based on laws and regulations and business ethics.

According to Bank Indonesia Regulation Number 8/4 /PBI/2006, good corporate governance, is the governance of banks to apply the principles of transparency, accountability, responsibility and fairness independence. World Bank defines good corporate governance, as a collection of laws and rules that must be met which can mend performance company resources to work efficiently, generating long-term economic value that is sustainable for our shareholders and the communities as a whole.

Cooperation is a form of company legal entity, which has a separate wealth of riches members. It can be concluded based on Article 1 paragraph 1 of Law No. 25 of 1992 concerning Cooperatives, that the cooperative is a business entity consisting of a person or legal entity with the bases cooperative activities based on the principle of cooperation as well as people's economic movement based on the family principles. As a legal entity that manages the economy amicably of course carry out its activities according to the principles of good corporate governance.

Is the basic legal principles or basic norms of mind, which can be found in legislation or the decision of the judge (Mertokusumo, 2007: 4). Basically the nature of the legal principle is abstract, while the rule of law is concrete. Related to the national economic development which aims to achieve political and economic sovereignty of Indonesia, the cooperative has a strategic role in the governance of the national economy based on the family principles and economic democracy in order to create an advanced society, equitable, and prosperous based on Pancasila and the Constitution the Republic of Indonesia Year 1945. Thus as a general principle that must be considered in managing economies to improve people's welfare, the cooperative also has a formulation of the principles of good corporate governance contained in the regulations relating to cooperatives. Therefore, this paper tries to find a formulation of the principles of good corporate governance in the management of the economy through cooperatives.

2. The Character of the Principle of Legal System

According Mertokusumo, (2007: 4) principle/principle of law is not a law of concrete but is a basic thought that the general and abstract or a background regulation concrete contained in or behind each legal system that is revealed in the legislation and the judge's decision which is a positive law and can be found by searching for traits or characteristics that are common in the concrete regulations. Thus, according to Asser in Hartono (1992: 86) there is no law that can be understood without legal principles. In general, it is an abstract legal principle, therefore, does not set forth in the regulations or the concrete section. For example, the principle *point d' interet point d' action*, which means whoever feels his interests are violated, it can file a lawsuit, the principle *in dubio pro reo*, meaning that in case of doubt, the judge must decide in such a way that benefits the accused and *restitution in integrum principle* that principle which means that in the event there is a violation of law, it must be returned to its original state. Although there are times when the legal principles set forth in the form of concrete rules, such as the principle of legality set forth in Article 1 (1) of the Criminal Code, and the presumption of innocence set forth in Article 66 of the Code of Criminal Procedure.

As a principle of law, the principles of good corporate governance, also contained in the legislation relating to the economic system in Indonesia. In general, the principles of good corporate governance in the economic governance set forth in Article 33 paragraph (1) of Indonesian State Constitution which determines that the economy is structured as a joint venture based on family principles. Furthermore, affirmed in Article 33 paragraph (4) Constitution of the Republic of Indonesia that the national economy shall be organized based on economic democracy with the principles of togetherness, sustainable fair efficiency, environmental friendliness, independence and balancing progress and national economic unity. This means that the principle contained in Article 33 is a principle that applies to all forms of economic management in Indonesia, including the management of the economy through cooperation. As the legal principle consists of the principles of common law, the legal principles that apply to all areas of law, such as the principle of good corporate governance, and the principle of special law, namely the principle of law which applies only in the field of law, such as the principle of freedom of contract which is valid only in freedom of contract as provided for in Article 1338 of the Civil Code.

As a general legal principle in managing the economy, this principle also applies to the economy in the form of cooperatives. Thus the principles of good corporate governance in cooperation can be found in Law No. 25 of 1992, concerning Cooperation. Of course, the principles of good corporate governance in cooperation is not contrary to Article 33 of the Constitution of the Republic of Indonesia as a constitutional basis in the governance of the Indonesian economy.

3. Governance through Cooperative Economy

Wealth management can be done through a business entity in the form of legal entity or non-legal (Butarbutar, 2011: 85). Cooperation is one entity in the form of legal entity. As one of the requirements to differentiate entities are legal entities with no legal status is the status of the assets in which the assets of the company are legal entities are separate, meaning separated from the wealth of its members, so that in case of loss/prosecution that led to the payment of compensation/debt repayment was limited to the assets of the company. excluding personal possessions officials/members, or if the company bankrupt, then the property that can be confiscated as a guarantee of payment of all engagement company that just any company property (personal property administrators /members remain free of encumbrances)

Instead the assets in companies that are not incorporated are mixed/private property together with the board/members means that in case of loss/prosecution which led to the payment of compensation /repayment of debt, the personal wealth can be guaranteed. In other words, the personal accountability for the overall. Definition of legal entity ownership over certain wealth is substantially derived from the assets that are separated by a natural person in particular, which is intended for use in accordance with the intent and purpose of such legal entity. Cooperation is a legal entity that has the assets separated from the wealth of its members so that any claim of rights by third parties submitted to the cooperative as a legal entity not to its members. In Indonesia, the cooperation as a business

entity that is a legal entity is a legacy of Dutch and obtain juridical basis through Stb. 1915 No. 431 on the European Cooperative Society, which is imposed in Indonesia based on the principle of concordance, and Stb. 1933 No. 108 and Stb. No. 19 948 179, which was later repealed and replaced by Law No. 25 of 1992 concerning Cooperation.

In the explanation of the 1945 Constitution, the cooperative referred to as a business entity that is suitable to achieve common prosperity. Furthermore, the Cooperatives Act Preamble letters a and b stated that the cooperative well as the movement of the people's economy as well as business entities that participate realize an advanced society, equitable and prosperous so that needs to be built to be strong and independent. As an organization of people's economy, Article 4 of the Law on Cooperatives set the function and role of the cooperative, which is to build and develop the potential and economic capacity of the members in particular and society in general to improve the economic and social welfare, participate actively in efforts to enhance the quality of human life and society, strengthen the economy of the people as the basis for national economic resilience force by the cooperation as a cornerstone of his teacher, trying to realize and develop the national economy is a business bersamaberdasar on family principles and economic democracy.

Cooperative activities run by the management organ responsible about all activities and cooperative management of his business to the meeting of members. Cooperation are run according to the provisions of statutes and laws. All maintenance activities must be accountable. Board both jointly and individually bear the losses suffered because of the actions undertaken cooperative with intent or negligence and the possibility of opt tidan criminal liability. Cooperation was founded not on the basis of capital but cooperation members to ease the burden of life. As a business entity formed for a common goal, the cooperation must be run by members for members of the joint decision of the members and it is not possible to lift out the board members. In contrast to the limited liability company that allows lifting the board (of directors) and commissioners of professional people who are not shareholders.

According to Article 20 of the Law of Cooperation, cooperative members have the right and obligation to attend, express opinions, and voting in a meeting of members, elect or be elected as members of the board or superintendent, asking held a meeting of members under the provisions of the Articles of Association, express opinions or suggestions to outside board members meeting whether requested or not requested, utilize the cooperative and gets the same service among the members, and get information about the development of the cooperation according to the provisions of the Articles of Association. As obligations are members comply with the Statutes and by laws and the decisions that have been agreed in the meeting of members, to participate in activities organized by the cooperative effort, developing and maintaining solidarity based on the principle of family. As a business entity, for profit, then the most suitable for people of Indonesia are patterned familial/ populist is the entity in the form of cooperatives. This is because seen from the history of the making, the cooperation aims to improve the welfare of its members which basically consists of people who are depressed economy. Agency cooperative effort run by and for the welfare of its members.

4. Principles of Good Corporate Governance in the Cooperation

The principle of good corporate governance, or good corporate governance is an important principle in the management of the economy both in the international and national levels. Although it is said that the cooperation run their business based on the principle of family, but the principles of good corporate governance should be considered so that the goal can be achieved.

According to Bank Indonesia Regulation Number 8/4/PBI/2006, good corporate governance, is the governance of banks to apply the principles of transparency, accountability, responsibility and fairness independence. World Bank defines good corporate governance, as a collection of laws and rules that must be met which can to push performance company resources to work efficiently, generating long-term economic value that is sustainable for our shareholders and the communities as a whole.

Constitutionally, the national economic system in Indonesia is regulated in Article 33 of the Constitution, to establish that the economy is structured as a joint venture based on the principle of family. Paragraph (4) Article 33 provides that the national economy shall be organized based on economic democracy with the principles of togetherness, sustainable fair efficiency, environmental friendliness, independence and balancing progress and national economic unity.

National economic development aims to achieve political and economic sovereignty of Indonesia through the management of economic resources in a climate of development and the empowerment of cooperatives which has a strategic role in the governance of the national economy based on the principle of kinship and economic democracy in order to create an advanced society, equitable, and prosperous based on Pancasila and the Constitution of the Republic of Indonesia.

Basic considerations birth of the Law on Cooperation is the development and empowerment of cooperation in a policy on cooperation should reflect the values and principles of cooperatives as a forum for joint efforts to meet the aspirations and needs of member economies to grow strong, healthy, independent, and resilient in the face of national and global economies increasingly dynamic and challenging.

As specified in Article 4, that the cooperation aims to improve the welfare of members in particular and society in general, as well as an integral part of the national economic order that is democratic and fair, then as the underlying value of cooperative activities as specified in Article 5 are family values, self-help, responsible, democracy, equality, justice, and independence. While believed to be members of the cooperative values are honesty, openness, responsibility, and concern for others. Furthermore, in Article 6 of the Law of Cooperative determined that the cooperative carry out cooperative principles that include cooperative membership is voluntary and open scrutiny by members of organized democratically, members actively participate in the economic activities of the cooperative, the cooperation is a business entity non-autonomous, and independent, cooperative education and training for members, supervisors, administrators, and employees, as well as inform the public about the identity, activity, and usefulness of cooperatives, cooperative serving members are primed and strengthen the cooperative movement by working together through a network of activities at the

local, national, regional and international, and cooperative work for sustainable development for the environment and their communities through policies approved by members.

Cooperative principles as mentioned above a source of inspiration and animates the whole organization and cooperative business activities in accordance with the intent and purpose of its establishment. Thus, these provisions essentially contain the principles of good corporate governance in the management of the economy through cooperatives, although not expressly mentioned in the provisions concerning the principles of good corporate governance as a principle that should be applied in managing the economy, but as a principle that is abstract and general.

The provisions of Article 33 Paragraph (4) Constitution of the Republic of Indonesia as a general principle in the national economy which is then further elaborated in the Law on Cooperation, it can be seen that the principles of good corporate governance in managing the cooperative in order to improve the welfare of its members is togetherness, equitable efficiency sustainable, environmentally sound, independence, self-help, accountable, democratic, equality, honesty, openness, responsibility, educational, and concern for others and balancing progress and national economic unity.

Therefore, the cooperative is seen as a form of business in accordance with the character of the people of Indonesia, as the principle of management is based on kinship and mutual assistance or management is of, by and for its members. Although the cooperative effort was placed as the cornerstone of the economy, and has got the settings in the Law on Cooperation, but arrangements have not provided a solution to the community how cooperation should be managed so that the cooperation can to improve welfare of society as well as to help improve the national economy, but supported by the government through a one ministry (Sidabalok, 2012: 146).

5. Conclusion

The principle of good corporate governance, the basic provisions contained in the regulations to manage the economy in achieving its business objectives. Cooperation which is one of the entities in economic governance, it also contains the principles of good corporate governance, which is contained in Law No. 25 of 1992 concerning Cooperation. The principles of good corporate governance in the management of the economy through the cooperation in order to improve the welfare of its members is togetherness, equitable efficiency sustainable, environmentally friendly, self-reliance, self-help, accountable, democratic, equality, honesty, openness, responsibility, educational, and concern for the others and balancing progress and national economic unity.

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