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Corresponding Author: Anom
Garbo, Universitas Islam Indonesia,
Yogyakarta, Indonesia,
Email: anom.garbo@uii.ac.id

The implementation of good corporate governance in the Aerofood ACS Company of Yogyakarta

Anom Garbo & Dwi Andini Wulandari

Abstract

This research focuses on the implementation of Good Corporate Governance concepts in the Aerofood ACS Unit of Yogyakarta. Good Corporate Governance is a procedure for corporate governance that must be carried out and well-structured as a benchmark for the company in running all of its business activities appropriately. The objective of this study is to find out how far the implementation of GCG principles has been applied to ACS Unit of Yogyakarta using indicators that refer to previous research pertaining to the application of GCG in a company in Indonesia. The indicator is taken from the research developed by (Andyoratama & Mustamu, 2013) in the form of an indicator of GCG principles through KNKG (2006). Data collection techniques were carried out by interviewing 3 informants, conducting documentation sessions and the review of literature. The results show that the Aerofood ACS of Yogyakarta company has implemented GCG principles well even though it has not been fully implemented. There are a number of GCG principles that have not been fully addressed, namely the principle of accountability along with CSR implementation indicators from the employees whereas researchers assume that the company is still lacking the maximum welfare to employees, and in terms of the environmental and community sides, the company has not contributed much to its CSR activities. The last obstacle in the company is that the company employees are lack of understanding of GCG. Therefore, the promotion of GCG values needs to be implemented by Aerofood ACS of Yogyakarta

Keywords: GCG Principles, Aerofood ACS

Introduction

The development of the world economy especially in the business world these days has begun to develop rapidly. Likewise, as an integral part of the business world, the Indonesian industrial sector is experiencing a growth. The United Nations Industrial Development Organization (UNIDO) stated that Indonesia experienced a development in the manufacturing industry in 2017 which was initially in the 18th position in 1990 and it is now increasing to the 9th position. While internationally, Indonesia's industrial competitiveness is currently in 41st position out of 137 countries and it is predicted that in a 2017-2018 period, Indonesia's industrial competitiveness will increase to the 36th rank (Hartomo, 2017). The economic development has indirectly created increasing fierce competition among business people in the company.

Nowadays, the company should pay attention to all decisions related to all operational activities. Companies need a good corporate governance concept to achieve the target of the company (KNKG, 2006). The opening of ASEAN free market increasingly encourages companies to implement a reliable governance system to achieve goals optimally. In terms of a governance system, the Good Corporate Governance is relevant to the situation.



Good Corporate Governance (GCG) is a concept used by companies to simplify and launch the vision and mission using good strategies. The GCG concept contains principles that aim to guide companies to produce a value added to shareholders over a long period of time, but it still pays attention to the interests of stakeholders in the company (Abdullah & Nugroho, 2011). The poor management of company's activities and the company's non-compliance with regulations can be reviewed from the widespread practice of corruption, collusion and nepotism as one of the crucial problems resulting in the 1997 Indonesia's economic crisis. Amid these problems, Indonesian government established the National Committee on the Corporate Governance (KNKCG) to formulate guidelines pertinent to GCG (Marsella, 2013). The urgency of implementing GCG is not only a concern of corporate entities, but also a concern by the government. The government realizes it by issuing various regulations concerning the economy based on the principles of good corporate governance as a manifestation of the global paradigm in conducting international businesses (Muryanto, 2016).

By the end of 2017, the implementation of GCG in Indonesia was the lowest among ASEAN countries. There are 50 companies in Southeast Asia that have implemented GCG properly as Wimboh Santoso, the Chairman of the Board of Commissioners of the Financial Services Authority (OJK) once put. Only 2 Indonesian companies penetrate the ranks of companies along with the best GCG implementation in ASEAN. While Thailand has been a successful country because it has 50 best companies and 23 others, the Philippines has 11 companies, and Singapore has 8 companies and Malaysia has 6 companies (OkeZoneFinance, 2017). This condition is in line with the results of previous research on the application of Good Corporate Governance concepts toward companies in Indonesia relevant to the situation. Ulfah's research (2014) shows that PT PLN Aceh Region does not apply all the principles in the Good Corporate Governance as one of the important factors in building the success of the company. Another study by Wulandari & Maswar (2013) mentions that the application of the GCG concept toward the PT Perkebunan Nusantara company has not been fully implemented because principles have not been implemented properly. In reality, the study of Good Corporate Governance is quite important and relevant to realize.

All industrial groups in various fields should implement the good governance if they want to realize the goal orientation optimally. In terms of the food industry, a fairly tight competition segment is needed. Therefore, this study intends to specifically examine the implementation of GCG in companies including the food industry group, namely PT Aerofood ACS unit of Yogyakarta because it is one of the branches of PT Aerofood Indonesia as well as a subsidiary of Aerowisata that has implemented GCG well. For this reason, the researcher wants to know the application and responsibility of Aerofood ACS of Yogyakarta in carrying out its obligations toward the parent company especially in implementing the Good Corporate Governance.

A Review of Literature

Several researches on the application of Good Corporate Governance concepts focus on the implementation of GCG in companies in Indonesia. Research by Mustamu (2013) regarding the application of the principles of Good Corporate Governance toward family companies using GCG guidelines is issued by KNKG (2006) containing 5 principles, namely transparency, accountability, accountability, fairness and independence. The application of these principles aims to improve the performance and evaluation of the family company in the field of food distributors. The research results show that the company had not maximally implement the GCG concept because GCG principles had not been implemented properly. The results of the study are in line with Sari's research (2016), but it is contrary to the results of the research by Sukmawati and Suryono (2015) that discusses the implementation of the GCG principles in the PT Pos Indonesia.

Other researches evidently point out the impact of Good Corporate Governance on the company performance. A research by Rossi & Panggabean (2012) shows that good corporate governance and control variables do not affect the performance of the company. Nevertheless, the results of these studies are in contrast to the results of research by Maria & Maswar (2013), Rahmatika, Kirmizi & Agusti (2015), Andani & Riduwan (2015), Kholidah & Mildawati (2017) and Safarina & Safii (2017) that demonstrate the implementation of good corporate governance and its significant impact on the company performance.

This study tends to follow the pattern of research conducted by Andyoratama (2013) because it aims to prove an empirical implementation of good corporate governance in a corporate entity.

This kind of research is relatively limited regardless of other research models, while the results of research show a significant impact on the implementation of GCG in terms of the company performance as a basis for rationality and the benchmark of relevant researches.

Good Corporate Governance

Good Corporate Governance (GCG) is carried out regularly and conceptually. GCG is a concept that focuses on practices and is well-managed in a company that consists of several principles, namely the principles of transparency, accountability, responsibility, independence (Adil Tobing, 2013). Cadbury defines that Good Corporate Governance (GCG) is a tool or guide in directing and controlling companies to achieve equality between power and the company's right to do activities including the authority held by stakeholders within the company (Adrian Sutedi, 2011).

The Indonesian Institute for Corporate Governance (IICG) (2009) defines Good Corporate Governance (GCG) as a process and structure that the company carries out in achieving the company's main goals, namely to increase investors' values in the long term, but they consider and protect the interests of stakeholders based on legislative regulations of applicable laws and norms (Abdullah & Nugroho, 2011). The Decree of the Minister of State-Owned Enterprises KEP-117 / M-MBU / 2002 emphasizes that Good Corporate Governance (GCG) is a process and structure used by state-owned organs to increase business success and accountability of companies to embody long-term values of investors, and protect the interests of stakeholders based on applicable legislation and ethics (Wulandari & Maswar, 2013).

Basic Theories of Good Corporate Governance

Two main theories underlie the Good Corporate Governance (Kaihatu, 2006), namely the agency theory and the stewardship theory. The agency theory has been developed by Michael Johnson whereas he considers that management in a company is an "agent" to maximize the interests of stakeholders. In the subsequent development, it turns out that the agency theory receives a fairly broad response, and in fact it experiences several problems, for example, company managers tend to carry out their own interests and do not take heed of the interests of stakeholders worth prioritizing.

The agency problem has presented a new concept as a solution for managing the company, namely the application of Good Corporate Governance (GCG) concepts that play an important role in the company's management, and it has a role to oversee and control the company and ensure that the company's management is closely related to applicable regulations and provisions. Such conditions give birth to a new concept, namely the stewardship theory. It is derived from a variety of philosophical assumptions concerning the human nature that essentially can provide a mandate to act responsibly and have an integrity, a superiority and an honesty toward other parties.

Principles of Good Corporate Governance

1. In general, the guideline for good corporate governance (GCG) in Indonesia is issued by the National Committee on Governance (KNKG) containing 5 principles in terms of Good Corporate Governance (GCG) concepts, as follows (KNKG, 2006):
2. **Transparency**
In the principle of transparency, companies have an obligation to provide adequate timely, and easy to access modes of information by all stakeholders within and outside the companies.
3. **Accountability**
In the principle of accountability, companies account for their performance in a transparent and reasonable manner. They must always be managed, and directed properly in line with the companies' interests while taking into consideration the interests of shareholders.
4. **Responsibility**
In the principle of responsibility, companies must follow all applicable rules and regulations to create good conditions for the companies. This principle is required to fulfill their responsibilities in the social environment, so that long-term business goals can be achieved.

5. Independence

It is necessary to implement the principle of independence properly, and a company needs to be managed independently or professionally, so that every interest in the company is likely to bring forth changes. Most of all, the company is not influenced and intervened by other external parties.

Fairness and Equity

In the principle of fairness, companies must pay attention to all rights and authorities of shareholders, so that no inequality or injustice will bother the decision-making related to stakeholders.

Definition of the Company

A company is a place where an activity in the form of planning, organizing, and making can be undertaken. Everything can create potentials in either materials or profits. The Law No.3 of 1982 concerning the Obligatory Registration of Companies elaborates that a company can be all forms of businesses in which various types of businesses are carried out sustainably and permanently and which are established within the territory of the Republic of Indonesia aiming to obtain values or profits (Muhibbuthabary, 2015).

Research Method

This type of research proposal uses a combination of library research and field research. The location of the research is the Aerofood ASC of Yogyakarta located at Jl. Ringroad Utara KM.38, Maguwoharjo, Kab. Sleman, DIY. The source of data in this study is the primary data source in the form of interviews with the management from both employees in the Aerofood ACS Company of Yogyakarta and target objects or beneficiaries whose information is much needed in support of this research. The interview technique is a mixture of structured and unstructured schemes, aiming to give the participants the freedom to answer the provided questions, but they are directed to solve problems. The secondary data source is in the form of library or Internet-based data and books, and other sources of information pertaining to the research problems under discussion.

Research Results

PT Aerofood Indonesia is a flight catering Service Company that always strives to provide the best service to every customer. PT Aerofood Indonesia (Aerofood ACS) was originally an integral part of Garuda Indonesia operated on the Garuda Indonesia flight service since it was first established in 1970 under the name Garuda Airline Flight Kitchen or Garuda Flight Kitchen based in Jakarta Kemoyoran Airport in 1947. After the opening of Halim Perdanakusuma Airport, a joint venture was formed between Garuda Indonesia and the Daily Farm, named Aero Garuda Dairy Farm Catering Service.

As the Soekarno-Hatta International airport operated, the aviation world was expanding so that the catering business grew rapidly and it eventually moved to the Cengkareng area with a new name, Aerowisata Catering Service (ACS) under the PT Business Entity Angkasa Citra Sarana Catering Service. As a parent company, Aerowisata wanted to grow its own image in 2009 that subsequently created a new brand for Food Service named Aerofood ACS on September 22, 2011. PT Angkasa Citra Sarana Catering Service changed its name to PT Aerofood Indonesia. Nowadays, Aerofood ACS has established everywhere, serving more than 40 domestic and international airlines, even the Aerofood ACS has provided services for the charter aircraft, VVIP including the President of the Republic of Indonesia and Vice President of the Republic of Indonesia, and services for Hajj flights. The Aerofood ACS has branches in various provinces throughout Indonesia, one of which is in the Yogyakarta area. Bambang Sujatmiko, the president & CEO of Aerofood point out that the Aerofood ACS Unit of Yogyakarta branch was established in 2005 in addition to three new divisions in the Aerofood namely Industrial catering, health care catering, and town site catering. Besides Yogyakarta, Aerofood also added branches in three other provinces, namely Lombok and Pekanbaru, and Bandung (Purnama, 2017). To guarantee the quality of the company, Aerofood ACS has a Halal certificate, ISO 9001: 2008 (Quality Management System) since 1997, and the ISO 22000: 2005 (Food Safety Management

System) certificate since 2008. In its development, the Aerofood ACS Company in Yogyakarta is inseparable from the Code of Conduct which is part of the implementation of Good Corporate Governance (GCG) in implementing corporate management practices. The guidelines are designed and prepared as a reference for Commissioners, Directors, management and employees to jointly achieve the vision, mission and objectives of the Aerofood Company.

The Implementation of Good Corporate Governance Concepts at the Aerofood ACS of Yogyakarta

A firm commitment to implement the Good Corporate Governance concepts (GCG) in the Aerofood Company or ACS Unit of Yogyakarta started from 21-22 May 2014 when the Aerowisata Group held a workshop entitled "Increased Understanding and Application of Good Corporate Governance (GCG)" in Jakarta. So far the Aerofood ACS of Yogyakarta make efforts to implement Good Corporate Governance (GCG) concepts, and the company attempts to provide the best service for the business survival and quality maintenance by following all applicable rules from the central company. In carrying out its business, the Aerofood ACS Company cannot be separated from the guidelines made and determined by the central company as a reference for acting and making decisions in all company policies or activities. The guidelines are set to encourage the Good Corporate Governance or the Code of Good Corporate Governance.

To realize such policies, the company issued a code of conduct guidelines or ethical and behavioral guidelines that serves to promote the development of Aerofood ACS, so that it can become a leader in the food service industry. This Code of Conduct is a vital part of the implementation of Good Corporate Governance concepts pertinent to the operational activities of corporate management. In a research perspective, the Aerofood ACS Company of Yogyakarta has been trying to implement the Good Corporate Governance. This is evidently relevant to the activities carried out by the company in a way that has reflected the Good Corporate Governance (GCG) guidelines. The principles applied by the Aerofood ACS Company of Yogyakarta include the accountability, responsibility, transparency, and fairness principles.

Accountability

In fact, the Aerofood ACS Company of Yogyakarta creates a series of indicators to determine whether or not the application of accountability principles has been an integral part of GCG principles. In terms of the accountability assessment in a company, Andypratama & H. Mustamu (2013) hold that one can view from two important indicators related to the implementation that focuses a basis of work and audit. As the researchers see and observe, the Aerofood ACS Company of Yogyakarta Company has a work base in the form of a good corporate structure where the highest leader becomes a general manager or executive manager who functions as a director and developer in the Yogyakarta business unit or branch. In carrying out its business operations, the Aerofood ACS Company Leaders are assisted by the leader or head of each department in the company. Even though this company is only a subsidiary or branch of PT Aerofood Indonesia, the company structure remains good as well.

The audit for the Aerofood ACS Company of Yogyakarta serves to evaluate the implementation of policies based on the company's internal risk management and evaluation of the procurement of goods, services and procedures in the company. The PT Aerofood Indonesia carries out two audit systems, namely the internal audit and external audit. The internal audit is carried out by the internal supervisory unit (SPI), which is the supporting organ of the company delegated from the central company, and the internal audit is conducted by SPI at the Aerofood ACS Company of Yogyakarta twice a year where the audit covers audit quality and security. Furthermore, an external auditor undertakes a financial statement audit by giving an opinion based on the financial statements in terms of the company management to check whether or not the report deals with applicable accounting principles and free from any engineering matters. The Aerofood ACS Company of Yogyakarta's financial report audit is conducted once a year in October. The principle of accountability is viewed in a sense of two indicators, namely the company that has applied the principle of accountability and existing company procedures.

Principles of Responsibility

According to the KNKG, the principle of accountability in a company is related to all laws and regulations and the establishment of a company towards society and the environment. In this sense, the accountability in the Aerofood ACS Company of Yogyakarta, as the researchers indicate, promotes two indicators called Corporate Social Responsibility and legislation.

The social activities in the Aerofood ACS Company of Yogyakarta are divided into three domains, namely employees, environment and society. In line with the employees, the Aerofood ACS Company of Yogyakarta seeks to provide comfort and well-being for all employees by applying policies on the employee salaries, minimum wages, the workload and responsibilities. Furthermore, the company provides benefits to all employees in the form of work bonuses and employees' registration to the Healthcare and Social Security Agency (BPJS) along with their families.

On the environmental side, the Aerofood ACS Company of Yogyakarta produces two types of waste that must be handled due to production activities, namely the solid waste and liquid waste. To handle them, the company cooperates with other agencies to deal with the two wastes. All forms of leftover food productions that have not been used by the Aerofood ACS Company of Yogyakarta will be transported to the final disposal (TPA) owned and operated by the Aerofood ACS located right behind the company, and the waste management service agency will handle it.

In the aspect of responsibility toward the community, the social responsibility is part of the Aerofood ACS Company's services based on the information from a resource person. In a social service program, the company serves the orphanages during the month of Ramadan, and this program is merely held once a year. This program does not involve all employees since it only asks representatives to actualize the company's social responsibility.

Compliance Principles

The Aerofood ACS Company of Yogyakarta attempts to comply with the laws applied to the country and to the Aerofood central company in terms of the business ethics in behaving. The company's compliance with legislation has been proven by the adoption of a food law, a consumer guarantee law, and a labor law.

In relation to the Law No. 13 of 2003 concerning the employment, the observation results prove that the company has complied with its responsibilities to implement regulations that require the companies to carry out business activities 8 hours a day, and the company has to provide 1 hour of break time from 12.00-13.00 for all employees, and the company has afforded wages applicable depending wholly on the district or city minimum wage scheme.

The company also applies the Law no. 28 of 2014 concerning the food safety, quality and nutrition. The ACS Company's quality assurance has been supported by the ISO 9001: 2008 for the Quality Management System since 1997, and the certificate of 22000: 2005 for the Food Safety Management System since 2008. The company not only establishes a certificate of Hygiene Sanitation for the food management, but also the halal certification of the Indonesian Ulema Council (MUI). As these two indicators evidence, the Aerofood ACS Company of Yogyakarta has carried out its social responsibility well toward employees, the community, and the environment. The company has undertaken business activities based on the applicable laws and regulations.

Principles of Openness

The principle of transparency in the Aerofood ACS Company of Yogyakarta is an important aspect that must be applied. This principle is a key to knowing whether or not the company is healthy. Therefore, guidelines for the Good Corporate Governance at the PT Aerofood Indonesia are regarded as the principle of transparency, and the company is obliged to provide relevant information to all company organs in a way that is easily accessed and understood. In this case, the researcher uses two indicators in assessing the company transparency, namely the financial statement disclosure and information disclosure.

The financial reporting system in the Aerofood ACS Company of Yogyakarta has used a media called SAP, whereas the system is an integrated part of processing financial report data whose results

can be viewed in a concise and easy to understand manner. This system allows the management to access online information to view financial transaction reports for each business unit or the financial report of each business unit. Thus, implementing this system, the Aerofood ACS Company of Yogyakarta can be connected to the parent company more directly, so that financial statements and the company's financial position can be delivered faster than normal.

Besides the openness of financial statements, the Aerofood ACS Company of Yogyakarta supports information disclosure efforts to streamline the business and manage the company effectively and efficiently through healthy communication and continue to keep the relationship between leaders and company divisions. This effort aims to devise a policy to carry out routine meetings that function to communicate all information both from superiors and those from subordinates and facilitate the delegation of responsibilities and authorities. In short, the flow of information can run flexibly and each division head can directly provide information to his subordinates.

Principles of Fairness

The fairness principle at the PT Aerofood Indonesia provides guarantees and fair treatments for all stakeholders with respective proportions. Providing firmness to anyone not to carry out practices will harm many parties. Every leader is required to be firm and open in every transaction so as not to cause jealousy for every stakeholder in the company.

The leadership is obliged to guarantee the rights of every shareholder based on the applicable laws and articles, and the association of the company. It is strictly forbidden to discriminate one another, but all are treated fairly, equally and fairly. For the sake of a company, relevant indicators reflect the principle of fairness in the Aerofood ACS Company of Yogyakarta. These indicators include establishing rights to employees and imposing punishment to corporate violators.

All Aerofood ACS companies including the Yogyakarta unit have the same policies related to granting rights to employees in accordance with applicable labor laws and regulations. Company leaders should appreciate the form, ethnicity, religion, race and sex of each employee who wants to express his or her rights. Employees have the same rights with the company in terms of giving any suggestions, criticisms and complaints openly and respectfully.

PT Aerofood Indonesia establishes rights to all corporate organs, whether or not they are shareholders, stakeholders, and other parties to report violations related to accounting and auditing activities, violations of law and legislation, fraud, violations of the code of conduct, fraud or allegations of corruption, and other actions that endanger safety. In a context of conduct violation, PT Aerofood Indonesia uses a violation reporting policy system commonly called Whistleblowing System, whereas this system functions to receive, examine, and follow up all suspected violations committed by any parties within the company. In this case, the company guarantees and maintains the confidentiality of each reporter and will continue to provide information to the reporter to follow up on anyone who becomes an offender.

However, at the Aerofood ACS Company of Yogyakarta, the authors elaborate a fact that employees do not know the violation reporting system. In what follows, the report in the Whistleblowing System is new to employees because some of them do not know about it, so that it is necessary to begin a socialization for them. In terms of the violation report in the Aerofood ACS Company of Yogyakarta, business ethics guidelines are violated. If there is a violation, the persecutors in this case fellow employees, business partners or other parties will face an appeal related to the code of conduct, or the company recommends discussing with superiors or officials as vice presidents, general managers, and human resources managers.

The process of imposing a punishment is applied to anyone who violates a company's system or policy, and punishments may vary according to the offender's mistakes in committing the violation. If it is mild, the company will only give regular reprimand letters without sanctions. However, if the violation is in a serious category, Warning Letters 1 and 2 will be posted within a validity period of 3-6 months along with sanctions, namely the right to be revoked, such as losing rights to get a work bonus when violating rules or other sanctions in line with the Aerofood ACS Company's policies, but in this case it should also be noted that the offender can correct the mistake that he or she has made or he or she should not do it again. As a result the Warning Letters will be revoked and sanctions can be dropped. For violators who have crossed the line, the company will expressly give

a warning letter 3, which means it is a serious warning signal from the company. In contrast, the rewards such as bonuses and job promotions are given to the employees who outperform in doing their jobs or show excellent job achievements.

Principles of Independence

The principles of independence in the Aerofood ACS Company of Yogyakarta require that companies can be managed professionally without any interference or conflict of interest and pressure from any other parties irrelevant to applicable regulations and operations. The company managers must work according to the roles and functions in question. It is forbidden to mix personal interests with operational activities and the company management. To assess the application of independence principles in the Aerofood ACS Company of Yogyakarta, researchers use two indicators as references, namely internal and external influences.

The research by Andypratama & H. Mustamu (2013) holds the principles of independence in the company in two main factors, namely shareholders and families. The Aerofood ACS Company of Yogyakarta assumes responsibility for the parent company in reporting all developments and states of the company. The business management and the decision-making are related to policies and operations of the company, the leadership or general manager of the Aerofood ACS Company of Yogyakarta without any clash and pressure from other parties including the internal company.

The Aerofood ACS Company of Yogyakarta carries out its duties and authorities professionally based on the agreement with a central company and other ACS units. Besides, the company runs its business professionally and independently for the sake of the company's healthy operational mechanism. Hence, all policies are sourced from the highest leadership in the company and there is no interference from any other parties outside the company that do not have the slightest relationship with the company. As it happens in this case, a special assistance is fully required, so that the company does not immediately act to deal with outside parties to resolve the case, but the company will follow up the case with procedures that have been implemented by the central company.

The GCG Implementation in Aerofood ACS Companies Based on Islamic Perspectives

The implementation of Good Corporate Governance is inseparable separated from the company's efforts to apply Islamic values that become a basic obligation for companies to carry out their corporate governance well according to the guidance of the Qur'an and Sunnah. The implementation of Islamic business governance has been conceptualized in a guideline issued by the National Committee on Governance (KNKG) in 2011, namely the Islamic Business of Good Governance (GGBS) guidelines including Islamic principles that must be implemented through the corporate governance whereas the principle is based on two sides such as spiritual and operational domains of services.

To implement the Islamic corporate governance, the Aerofood ACS Company of Yogyakarta has tried to determine various policies based on Islamic values to protect the rights of consumers in Indonesia and from other countries. Indonesia is a country that has a majority of Muslims populations, so that the company constantly attempts to pay attention to the Islamic values applied to companies in particular raw materials that must have met halal standard issues. The products in the Aerofood ACS Company of Yogyakarta have guaranteed the halal policies because they have met the standards determined by the Indonesian Ulema Council (MUI), and this matter has been discussed previously in Part 1 of the principles of GCG.

In the work-related system, employees and other parts of the company, and the company leader provide good examples of morality as a Muslim leader, both inside and outside the company. Since the beginning the company, employee obligations must be kept to pay attention to the worship while they are on-duty in the company. If the time has come for the prayer, the Muslim employees are expected to utter their prayers on time.

The principles in the Aerofood ACS Company of Yogyakarta have so far been going well without violating applicable Islamic provisions, and no bad things will cause harm to any parties. The company has also provided a number of policy outcomes in accordance with Islamic business

elements such as the existence of ethical guidelines in doing businesses and behaviors determined by the principles of the Karimah morality.

Conclusion

To implement GCG, the Aerofood ACS Company of Yogyakarta applies the concepts in line with existing good corporate governance guidelines. In terms of the principle of accountability, the company has provided a clarity of functions, rights, obligations and authority to all company organs through existing SOPs and respective positions verbally or non-verbally. In the principle of accountability, the company has authorized its responsibilities to every employee and other organs for the sake of employees' health insurance. All employees and their families are registered in the healthcare and social security agency (BPJS) and it is an integral part of Corporate Social Responsibility activities including paying a visit to the orphanage centers as well as doing other social activities, for example, good handling of waste produced by the company.

In line with the transparency principle, the Aerofood ACS Company of Yogyakarta holds regular meetings, communication before or after doing company activities is more open. In relation to the principle of fairness, the company establishes rights to all employees to convey all forms of advice, or complaints for the betterment of the company and suggestions by any other parties will be welcomed without exception. The last principle is independence that, in turn, supports the company to do independent and responsible activities and handle constraints faced by the company, prohibiting all parties in the company to take actions that interfere with the company's and personal interests.

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