

FAIRNESS PRINCIPLES IN GOOD CORPORATE GOVERNANCE IN THE *PELA GANDONG* PERSPECTIVE

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ABSTRACTS

This paper is a reflective study of exploring the possibility of links or intersections between modern management concepts and the existence of local wisdom, in the management of companies. Modern management in this context is represented by one of the principles in Good Corporate Governance, namely the principle of fairness and local wisdom represented by *pela gandong*. The results of the reflection show that ontologically there is an intersection or intersection between *pela gandong* and the principle of fairness in GCG. The slice lies in the nature of fairness and *pela gandong* which turned out to be the same, namely discussing the issue of impartiality between communities, or between stakeholders in a corporation or company. The relation of the company and its social base in reality presents conflict as possible and necessary. If it is not then 'equal', the conflict can be prolonged.

Essentially it can be seen how in a *pela* or bond, it cannot be partial because it has been bound together in a fraternal frame. While in corporations / businesses, fairness can be present in its impartial face also when dealing with shareholders who are certainly quantitatively stranded in the amount of shares they contribute to the company. Can be absorbed if finally there is an intersection between the two in the management of the company.

Keywords: *Pela gandong*, fairness, good corporate governance, local wisdom.

INTRODUCTION

Thinking about good corporate governance in general stems from the conceptions offered by clever people who come from the west. One of the thoughts on modern western management is the conception of good corporate governance, which many companies refer to as a guide for good governance. Inevitably it is one of the answers from the dynamics of the global economy that demands various consequences. The dynamics of the world economy with its various ornaments have a positive impact, one of which is the more open relations between countries. Relationship or interaction manifestations for example in the form of economic cooperation so as to provide benefits such as the introduction of new technologies, the existence of access to new markets and the creation of new industries (Stiglitz, 2000).

Wider interaction requires global competition which is based on product quality / service quality. So the solution is the creation of products and services on the basis of competitive

advantage. In terms of corporate governance, it is also demanded to be able to display the principle of openness (transparency), focus on change, innovate continuously and be able to develop leadership that is collective (Barbey, 2000).

In order to welcome global competition, a modern management approach such as Good Corporate Governance is an instrument that must be applied. It is a set of mutual relations between management, directors, board of commissioners, shareholders and other stakeholders that regulate and direct the company's activities (OECD, 2004). The concept of GCG is presented for the needs of company management which is translated as the principles of transparency, accountability, responsibility, independence and fairness and equality.

On the other hand, however, the existence of a company, for example, cannot be separated from its social basis. No matter how small there is a relationship between the surrounding community with the existence of a company in the middle of the community. That relationship becomes a necessary thing, because it feels really absurd if life together is not framed by harmony and togetherness. In the end it can be born a metaphor that the surrounding community with the company is "brother".

In the culture of the Moluccas there is a local wisdom that naturally designs the concept of sibling ties between entities which are mutually neutral. *Pela Gandong* seems to be one of the instruments based on locality, which in this context can "fade" between the corporation and its social base, the community. *Pela gandong* is a term given to two or more countries that have appointed brothers to one another. *Pela Gandong* itself is the essence of the words "**Pela**" and "**Gandong**". *Pela* is a bond of unity while *gandong* means brothers. So *pela gandong* is a bond of unity by mutually raising brothers (Hehanussa, 2015). Next, how more detailed reflective explanations about the relationship between the two will be discussed in the next paragraphs.

THEORETICAL FRAMEWORK

Good Corporate Governance

Etymologically, the word governance comes from the French vocabulary of *gubernance*. The word has a meaning as 'controlling'. In subsequent developments, the word is no longer narrow in its meaning, but is widely applied in the context of corporate activities and other forms of institutions or organizations, and is called corporate governance. When we draw it into our national language, Indonesian, corporate governance is often paired or translated as management or governance / corporate and corporate activities. Furthermore, the sentence Good Corporate Governance itself can be limited as a pattern of relationships, systems, and processes that are functioned by elements of the company (Directors, Board of Commissioners, GMS) to provide added value to shareholders on an ongoing basis over a long timeframe, while still consider the interests of other stakeholders, based on laws and regulations and the prevailing norms (Sutojo and Aldridge, 2008).

The terminology of Good Corporate Governance historically, was first introduced by the Cadbury Committee in 1992, when reporting on its activities. The report is known as the

Cadbury Report. The Cadbury report, titled Financial Aspects of Corporate Governance, is a report issued by the "Corporate Governance Financial Aspects Committee" chaired by Adrian Cadbury. This report is seen as a turning point that is crucial for the practice of Good Corporate Governance throughout the world. Furthermore, the Cadbury Committee, Tjager (2003) defines Good Corporate Governance, as a system that directs and controls the company with the aim, in order to achieve a balance between the power of authority required by the company, to ensure its continued existence and accountability to stakeholders. This relates to the rules of authority of owners, directors, managers, shareholders and so on.

Active company dynamics, with the signs of various events in the corporation and government, has made corporate governance a master issue that needs attention. In the community of entrepreneurs, executives, NGOs, NGOs, consultative bodies, governments and even academics, they participate in the global narrative. The content of issues related to this corporate governance dimension, for example, is insider trading, transparency, accountability, independence, business ethics, corporate social responsibility and investor protection, which are always discussed seriously. Not to forget the conditions in Indonesia, where corporate governance has also become one of the critical issues for the private sector and government. The rules that are ambiguous in Good Corporate Governance can be seen as guidelines for the management of the company, not only for the leaders of the company but also all employees / elements of the company. It is intended that all decisions made and actions taken are solely focused on the interests of the company. The company's interest in this matter does not only concern the shareholders and other corporate elites, but also the existing stakeholders. One important thing is that the design of actions and decisions taken in the framework of Good Corporate Governance does not contradict or follow the rules set by the Government. In addition, it is also in sync with the provisions of company management that have been set by various other more advanced companies or with existing public companies.

Pela Gandong

Pela Gandong occurs from a process of cultural interaction between two or more countries (villages) with different cultural backgrounds, and produces a subjective image of community behavior from generation to generation (Tutuhatumewa, 2010; Ritiauw 2008). *Pela Gandong* is a cultural product that has been firmly established in the history of Maluku until now. The cultural product that became history reflects a transmission. Geertz (1973) mentions that culture is a pattern of notions that are intertwined as a whole in symbols that are transmitted historically. Geertz's opinion is not much different from the arguments of Harrison (2006) which states that culture is not a stand-alone variable, but it is always influenced by other factors, such as: geography, climate, politics, and historical behavior. The existence of *pela gandong* which is a civic culture and heritage for *jujaro-mungare* (read = young people) Maluku must be maintained and preserved, so that it can be a capital or foothold in development and always maintain harmonious relations. Seeing the potential of the conflict, it seems indeed very plausible if Maluku later destroyed as a tragedy in 1999-2000, (Sulistiyono 2005; Misbach 2006). The *Pela Gandong* Association, which is proud to bind brotherhood, proved unable to

restrain group egoism, Sulistiyono (2005). This can imply that our nation does not yet know how to look at differences, how to respect, and how to overcome conflicts that will arise, because there has never been a mechanism to learn to deal with them in the real world, Misbach (2006). In fact, *Pela Gandong*, is a culture that truly reflects a pattern of good harmonious relations. Therefore, people in Maluku need to be aware that in addition to the swift currents of modernization, the diversity of communities in Maluku, and the potential for current conflict, I feel that the sense of *pela gandong* can play a role as a silencer that can reduce social turmoil with primordial nuances.

DISCUSSION

The existence of a corporation in the community's living space is a necessity. Even if corporations are spatially separated because spatial policies that provide their own locus do not mean that corporations simply become separated from society. In relationships between corporations and surrounding communities, we often hear conflicts between companies and surrounding communities. The causes vary, but the emergence of the problem is a reflection of how the relationship is not built on the foundation of philosophic, which emphasizes the nature of a relationship rather than merely an artificial relationship.

It is undeniable that the company is the main goal is profit, where the profit is expected to continue to exist that the company is empowered. It's just that placing profit as the commander, then ignoring the social basis, of course problems will arise. Then how can a company create a moderate policy, so that it does not have the potential to cause horizontal friction which ultimately results in losses? The internal policies of the company are designed with guidelines that have been applied internationally, namely by implementing the principles of Good Corporate Governance or often abbreviated as GCG. In GCG there are five main principles in corporate governance namely, transparency, accountability, responsibility, independence and fairness and equality. But in this discussion only one of the principles will be discussed, namely fairness & fairness. This principle will be linked to the potential of the local wisdom of the Maluku people, *Pela Gandong*.

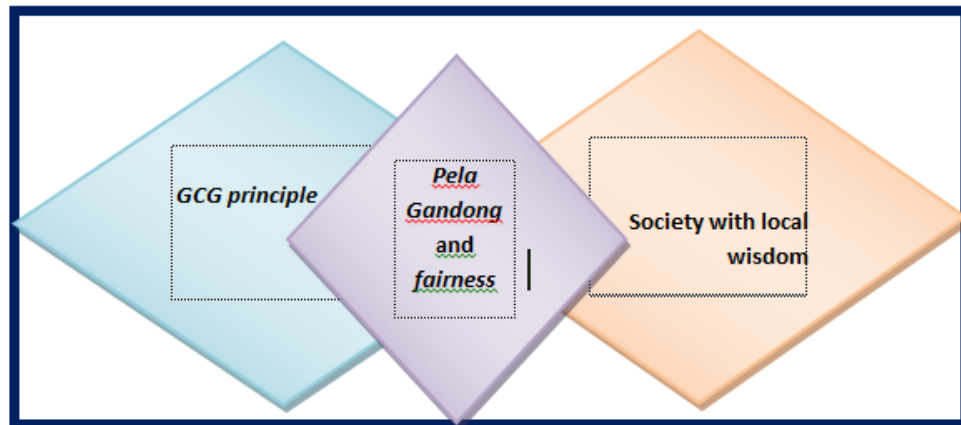
In the principle of equality and fairness, corporate governance guides management to carry out company activities in the corridor of justice. All parties know that in the ownership of a company, there are private individuals who hold majority shares, some are medium and some are minority. In the principle of equality, even though they are " caste " because of the disparity in the number of shares they have invested in the company, management must treat them fairly and fairly. This is what then there is mutual respect between the shareholders themselves. Not to mention other stakeholders, who cannot also be treated as non-fair.

Furthermore, in a metaphorical language, they are like 'being' brought together 'in a frame of interest, namely the progress of their own company. Thus there is an imaginary bond between them that makes them 'brothers' in the framework of advancing and maintaining the company's business continuity. Actually, this is the same and congruent with the values contained in

society. In the Moluccas, for example, grow and survive the *Pela Gandong* tradition. This tradition is simply to bind like you, or appoint each other as brothers. Thus the potential for conflict can be reduced to the fullest, considering that inter-community groups have entered into each other's frame of kin. It might sound absurd, but that is what happened to the people of Maluku. Then how is the description of the company?

Within the company, this principle of fairness treats the members of these stakeholders as a reality that 'hates each other'. Therefore, management must enforce all policies that have been adopted with justice, with fairness and with maximum equality. In applying the principle of fairness of a company leader, it can absorb this *pela gandong* related concept as the spirit or spirit of the fairness principle itself.

Then, what is the possibility that occurs if *pela gandong* is adopted into the body of the principle of fairness? The possibility is good relations between stakeholder members and with the community as a social base of the company itself. Possible logic is that, when there is a reality of " mutual brotherhood ", then what is your name, of course, will generally establish and carry out relations more intimately, closer and warmer. From there the outcome is, the ease of communication of word storms occurs things that allow disputes and lead to the destruction of the company and also possibly the existing social order.



Local Wisdom & Modern Principles Intersection

From the chart or picture above it can be seen how there is a clear intersection between values that grow and develop in the community with modern business principles such as GCG. In the context of this reflection, the local wisdom of the Maluku people, for example, can overlap with modern corporate governance principles. The genuine locality of the Maluku *Pela Gandong* people and the principle of fairness can be compared to compatible. Above has been described how to inject the spirit of *pela gandong* into the body of the principle of fairness in order to further empower him. Of course this conceptual thinking requires good and courageous execution by the leaders of other companies or corporations, or even governments, amid an increasingly fierce culture of corruption in this country. Leaders who are reflective but still risk takers for example, are needed to try how the conceptual becomes empirical, in the hands of a

capable manager. Thus, the above inspection is actually not an absurd thought, but actually contributes that may be valuable to leaders, who are reflective - contemplative, as a means of implementing the concept of GCG in their companies holistically.

The courage of leaders to make design decisions that are guided by GCG principles, then apply them consistently is not an easy matter. However, this difficulty can at least be reduced by "dialoguing" the principles of GCG to the potential of existing local wisdom, especially where the company exists and grows, so that additional energy is obtained for the leaders of the company in carrying out the task of carrying out good corporate governance.

END OF WORD

Using the potential of local wisdom as an 'additional' energy " for better corporate governance is not absurd. There is always an opportunity, for the leaders of the company to take advantage of local wisdom, with good solid match with the principles of modern management. One of the local wisdoms owned by this nation is the *pela gandong* of the people of Maluku. *Pela gandong* can be intersected with one of the principles in GCG, namely in the context of reflective research this is the principle of fairness.

The results of the study showed that from the ontological point of view there was an intersection in the form of a slice between local wisdom *pela gandong* and the dimensions of the GCG fairness principle. The slices are precisely in the nature of fairness and *pela gandong* which is the rhythm of discussing the issue of impartiality between people. It could also be in this context that the community in question is between stakeholders within a company. This is based on the fact that the company's relationship with the surrounding community might in its dynamics encounter conflict. The presence of *pela gandong* is the presence of a formula that unites the potential for conflict. So then if it is not *dipers 'being bred up*, conflict can drag on. In an essential perspective, the name is *pela* or bond, it will not be partial, because it has been bound in the cord of brotherhood. While in a company, fairness can be present in its partial appearance as well as passing by shareholders, especially shareholders who differ in the amount of their shares. This is the strategic location of the *Pela Gandong*-based fairness principle in corporate governance.

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