

Systematic Literature Review and Research Agenda of Corporate Governance in Indonesia

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Abstract. This study aims to provide a comprehensive overview from various studies in the scope of corporate governance in the Indonesian market using systematic literature review method. This study provide insights about Indonesian corporate governance studies phases, identify gaps, and suggest outlines for future agenda research. There are 37 studies include in this systematic literature review study. The study used after doing an assessment of the quality, based on predetermined criteria. Furthermore, the studies used will be extracted to collect the methodology, theories, characteristics, and results of the research. From this study, we can conclude that in general, Indonesian good corporate governance led companies to improve its financial performance positively. Even the corporate governance code also encourages companies to produce voluntary disclosures in various fields. From this review, a conclusion can be drawn from the research which mentions the results that contradict with the theories and the general results of the research. The gaps in the results are caused by the differences in methodologies, sample, and study period. Further, this condition can be explained by the presence of moderating variables in the form of Indonesia's political and economic conditions.

1 Introduction

The 1998 financial crisis prompted reforms and initiatives to strengthen the national economy and regional collaboration. The collaboration includes in the field of corporate governance. The corporate governance system has developed very rapidly [1, 2]. The main cause of the financial crisis in East Asia, including Indonesia, is the lack of good corporate governance practices (GCG). The Indonesian government has enacted various regulations to support GCG. For example, in 2002 the Jakarta Stock Exchange required a public company to have an independent officer. At the same time, the Financial Services Authority of Indonesia has issued reporting and disclosure guidelines for public companies to improve the quality of public company reporting and disclosure [3].

However, the cases of corporate fraud that occurred show that weak corporate governance causes a crisis in the company [4]. Companies in Indonesia also no exception, where several major cases have even occurred in State-Owned Enterprises (BUMN), such as Asuransi Jiwasraya, Garuda Indonesia, Bank Rakyat Indonesia, and so on. In other countries, the scandals of leading companies, such as Enron and Worldcom have also triggered concerns about corporate governance [5]. Whereas the sustainability of a company is very dependent on the implementation of effective corporate governance in maintaining investor confidence.

The latest development in the Indonesian capital market is the establishment of a new institution, named Otoritas Jasa Keuangan (OJK) through Law Number 21 (2011) concerning Otoritas Jasa Keuangan (OJK Law). OJK is an institution that organizes an integrated regulatory and supervisory system for all capital market activities to realize activities in the financial services sector that are held regularly, fairly, transparently and accountably, and are able to realize a financial system that grows in a sustainable and stable manner, and able to protect the interests of consumers and society.

The development of governance systems and the major fraud scandals that have come to light over the last few years, have led to a large amount of studies being undertaken to explore this further. The results of the study still show differences in results and gaps between studies. To address these issues, we conducted a literature study and a comprehensive analysis of related studies. The research used as the sample in this study is not limited to a specific mechanism, method, result, or period [6].

1.1 Objectives

The objectives of this study is to provide systematic literature review from previous studies related to corporate governance in Indonesia. In addition, this study also explains the main theoretical and methodological trends, as well as provides recommendations for future research. This research also

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adds to the latest knowledge and insights in the broad field of governance and earnings management research.

CG principles are considered new to the Indonesian market, where it was less than 20 years since the Organization for Economic Co-operation and Development (OECD) principles were adopted in early 2000s. [7] stated that other countries in Asia are also experiencing corporate governance reforms, which are more or less similar to Indonesia (eg, Malaysia and Singapore). Although Indonesian CG practices shared an equivalent governance initiative, but as reported by [8] that Indonesian CG practices still considered weak compared to its neighbors. [9] mentioned that Indonesia faces several governance issues, such as insufficient protection for minority investors, slow reform, and poor compliance. This highlights the issue of a country's ineffective "ethical" approach to implementing governance rules.

The main motivation for this research is to fulfill the gap from the contradictory results of previous empirical studies and the growing interest in Indonesian corporate governance. Moreover, there has been no systematically review of Indonesia CG literature. Due to the limited number of reviews in Indonesia, it is a great deal to focus on certain governance attributes, such as audit committee [10, 11], family control [12], leadership structure [13], ownership mechanism [9], and some other studies concentrate on general development of Indonesian corporate governance.

However, most of these reviews corresponded to a single governance mechanism (ie. audit committee) or outcome (ie. capital structure) and did not consider all aspects of the corporate governance literature. Therefore, we see this as a valuable opportunity and present this paper to answer the following questions:

RQ1: What are the results found from previous studies regarding the current state of governance in Indonesia?

RQ2: What corporate governance attributes have been discussed in previous studies?

RQ3: What are the gaps in the results of previous research and the potential directions for future research for corporate governance in Indonesia?

To answer these research question, this study will use a systematic literature review method and do not limit the studies used to results and mechanisms of Indonesian corporate governance [6]. Systematic literature reviews can help integrate research in a reproducible, transparent, and systematic, identify key gaps, develop theories, and provide direction for future research.

This study is the first type of systematic literature review focused on Indonesian corporate governance and contributes to the literature. This study provides the latest systematic review of existing studies on corporate governance in Indonesia. In contrast to the traditional approach of "narrative" reviews, this study uses a systematic approach to evaluate relevant research papers and provide some recommendations for future research. Utilizing a number of previous studies (37 articles), this study explains the main theoretical and methodological trends in recent studies on the Indonesian corporate governance studies. It also extends existing knowledge

by providing insights into recent developments in broader areas of corporate governance research.

This study shows that the number of previous studies has increased in recent years, and corporate governance related studies in the Indonesian context have high attention on what the governance outcomes, especially corporate performance. These studies growth is due to the large number of fraud cases that have arisen, the bankruptcies of multiple companies over the last two decades, and the continued development of corporate governance code by OJK. More study is expected to be published in the future to investigate the impact of the Covid-19 pandemic on various aspects of corporate governance in Indonesia. Despite this growing interest among scientists, our research shows that studies using qualitative or mixed methods are inadequate. The results also suggest that resource-dependent and behavioral theories are the most important theoretical perspectives in the sample literature, while a limited number of studies have applied cultural and behavioral theories. Exploring cultural or behavioral theories of corporate governance allows researchers to better understand and explain more multiple functions of aspects of corporate governance, especially in culturally diverse countries such as Indonesia. Overall, the existing literature contributes significantly to the significant advancement of Indonesia's knowledge of corporate governance, but there is plenty of room for future research that contributes to the existing literature.

2 Literature Review

2.1 Agency Theory

This concept was first initiated by Jensen and Meckling in 1976. [14] explains that this theory explain agency connection between the agent and principal. This connection can lead to certain problems, such as agency conflicts and information asymmetry. In practice, the agent as the manager of the company certainly knows more internal information and the company's prospects in the future than the capital owners or shareholders. So as an agent, the manager has an obligation to provide information about the condition of the company to the principal. But in this case the information conveyed by the manager is sometimes not in accordance with the actual conditions of the company. Such conditions are known as information asymmetry [15]. In this case the information asymmetry between management (agent) and owner (principal) can provide an opportunity for managers to carry out earnings management [16].

Therefore, information asymmetry sacrifices shareholders, when they can't make significant decisions from management performance. Therefore, the company is harmed [17]. To reduce the agency issues, shareholders oversee directors throughout the corporate governance mechanism. They want to ensure that directors act as agents in the pursuit of the best interests of their clients and disclose important information [17].

2.2 Stewardship Theory

Companies have many stakeholders, most importantly shareholders, employees, customers, creditors, and governments. [18] mentioned that a true agency relationship represents a relationship between shareholders and managers in an incomplete contract, including all aspects of business decision-making due to significant uncertainty and information imbalances. Stewardship theory emphasizes the individualistic behavior of company agents. In contrast to the agency's perspective, stewardship theory suggests that there are similar interests among shareholders, directors and executives. Therefore, leaders used to work on the best for stakeholders, as long they are motivated by the essential rewards they will receive [19]. Based on this theory, [20] mentioned that CEO duality improves corporate performance, because compensation is tied to the corporate performance. Several studies also reported the same condition [21].

2.3 Resource Dependence Theory

Resource dependence theory is applied in 9 studies used as sample in this review. The number of uses of this theory is slightly limited. This condition indicate that research design applied does not look towards the dependence of the company to obtain limited resources. [22] mentioned resource dependence theory suggests that companies secure scarce resources by improving the quality of governance structures, including improvements in both finance and human resources. Corporate governance mechanisms provide an important channel for connecting a company to an external business environment, which is an important factor in a company's effectiveness. The studies applied this theory used to explore topics, such as firm performance [23], risk taking company [24], and earning management [16]. Resource dependence theory creates a theoretical foundation for the board member role to have the capability to provide resources for companies [25].

2.4 Corporate Governance

Corporate Governance is expected to be able to provide a balance between various interests that can provide benefits for the company as a whole. The corporate governance mechanism consists of audit committee, managerial ownership, institutional ownership, independent board of commissioners, and board of directors. Corporate governance arises because of the separation between ownership and company management which can cause agency problems. Board size, board independence, board gender, and board ownership are four elements of an internal governance mechanism aimed at alleviating decision-making conflicts between the board and shareholders. [18, 26] argues that board ownership, which is part of the internal corporate governance mechanism, can reduce agency costs. The directors of the company are responsible for

ensuring that the information in the financial reports is eligible. As a result, they control the behavior of leaders so that their behavior is in the interests of stakeholders. Corporate governance plays a key role in defining corporate performance and corporate transparency and accountability [27]. Corporate governance analyzes the strategy and transparency of how an organization manages a company's resources. Corporate governance provides better control and direction. Therefore, managers make decisions for the benefit of stakeholders and shareholders [17]. By applying this governance mechanism, agency problems can be mitigated.

In relation to the ownership structure, corporate governance protects the interests of principals, realigns the interests of agents and principals, reduces information asymmetry between principals and agents, and ensures proper oversight and governance [3]. Therefore, the OECD Corporate Governance Principles reflect the role of corporate governance in reducing agency costs in those principles [28]. Some of the rules are: 1) Shareholder rights, 2) Shareholder fair treatment, 3) Stakeholder roles, 4) Disclosure and transparency, and 5) Board responsibilities. The first three principles aim to protect the interests of principals (stakeholders, shareholders, and minority shareholders), Principle 4 aims to reduce information asymmetry between principals and agents. While Principle 5 ensures proper monitoring and transmission to the agent.

Good CG practice supports the development and economic prosperity of capital markets [29]. In addition, various studies have shown that the implementation of good corporate governance (GCG) reduces the cost of capital and improves corporate performance and shareholder value [30]. Therefore, increasing CG practice in Indonesia is very important for achieving sustainable economic development.

[31] found evidence that in the East Asian environment, the controlling owner provides more detailed accounting information for personal use. Regarding these two hypothesis theories, the conditions within the framework of Latin American countries are different, which consistently leads to the monitoring hypothesis. In contrast to much of the previous literature focused on the United States and developed markets, Latin American countries have most controls over internal governance frameworks, low-level professional financial insurance for minority shareholders, and low investor security level, centralized and pyramidal ownership structure that characterized by a civil law system governed by standards [22, 32].

3 Methods

This study uses a systematic literature review method to help synthesize research in a transparent and systematic way, in order to identify significant gaps, contribute to theory development, and provide direction for future research [33]. This systematic review methodology is used because of its effectiveness in carrying out comprehensive measurements in a limited area [34]. The approach used to identify and evaluate the quality of the

previous research are keyword identification, document collection, quality assessment, data extraction, and data synthesis [35].

The previous research collected was research published with English Language in the field of corporate governance in Indonesia, which was carried out for the last 20 years, namely 2002 to 2022. The research search was carried out by searching for specific keywords, namely "governance", "director", "board" and "Indonesia". Then an assessment of the quality of the research was carried out by checking the rating or quartiles of the journal publisher on Scopus. Scopus indexed research will be collected, then data extraction and synthesis will be carried out. The quality evaluation of the studies done by identifying the number of citations.

The research methods of the previous studies used is classified into two types: qualitative and quantitative. The result shows that more than 80 percent of previous studies about corporate governance in Indonesia using quantitative methodology.

Table 1. Methodologies used in previous studies

Methods	2002-2006	2007-2011	2012-2016	2017-2021	Total
Qualitative	-	1	-	7	8
Quantitative	2	2	7	18	29
Total	2	3	7	25	37

In addition, the theory used in previous studies does not seem to vary. Most studies used agency theory, resource dependency theory, and upper echelon theory. This condition shows that theoretical exploration for corporate governance research in Indonesia is still limited. This finding is in accordance with the initial argument that the scope of research on corporate governance in Indonesia is still very narrow and limited to the results of governance itself, namely the company's financial performance.

Table 2. Theories used in previous studies

Methods	2002-2006	2007-2011	2012-2016	2017-2021	Total
Agency Theory	2	2	5	19	28
Resource Dependency Theory	-	-	1	8	9
Upper echelon theory	1	-	2	6	9
Stewardship Theory	-	1	1	5	7
Stakeholder theory	-	-	1	3	4
Signaling Theory	-	1	-	2	3
Institutional theory	-	-	-	3	3

Legitimacy theory	-	-	-	1	1
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4 Data Collection

Data collection is done by searching for previous research from the Scopus database that include specific keywords, such as "Indonesia", "governance", "board", and "director". The search results show the number of 3,752 studies and after checking for duplication and incomplete studies, the final number of these studies are 1,255. The next step is searching the article titles and summaries, to exclude studies that did not address explicitly the corporate governance aspect or specifically investigate in Indonesian context. This step resulted in 108 studies that will be subjected to quality assessment. It was not surprising, that much of the studies were irrelevant to the concepts covered in this study, as we used a wide range of keywords to search the studies. The quality evaluation step evaluated the quality of the published document identified in the previous step based on the number of citations. The quality score refers to the most cited articles in each pre-specified period included in the content analysis. The frequency of article citations is depend on the date of publication and the content of the article, where older documents have more opportunities to attract citations than newer ones. For this reason, it is important to use the publication date as the basis for grouping studies into four categories [36] such as, 2002-2016, 2007-2011, 2012-2016, and 2017-2021. The final sample for these groups is a total of 37 items.

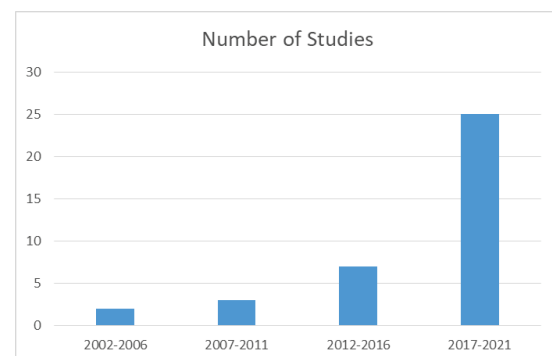


Fig. 1. Number of publications per categories

The 37 previous studies used in this study were sourced from 31 Scopus indexed journals. Table 1 shows most influential journal by the number of citations such as, The International Journal of Accounting (794 citations), Corporate Governance (179 citations), Journal of Accounting in Emerging Economies (176 citations), Humanomics (162 citations), and Iranian Economic Review (104 citations). The influence on the field is reflected by the number of citations. There are 12 studies have more than 50 citations, [37] 654 citations, [17] 176 citations, [38] 162 citations, [39] 140 citations, and [40] 104 citations.

Table 3. Most influential journal in previous studies

Journal Name	Studies	Total Citation
The International Journal of Accounting	2	794
Corporate Governance	3	179
Journal of Accounting in Emerging Economies	1	176
Humanomics	1	162
Iranian Economic Review	1	104
International Journal of Managerial and Financial Accounting	3	86
University of New South Wales Law Journal	1	77
International Journal of Disclosure and Governance	1	64
International Journal of Ethics and Systems	1	64
Journal of International Commercial Law and Technology	1	53
Sustainability	1	53
Journal of Business and Retail Management Research	2	52

5 Results and Discussion

5.1 Data Sample Modelling

The quantitative studies used as sample include at least 123 observations [12] or a maximum of 1200 observations [41], while for the qualitative studies utilized sample from at least four firms [42] and at most fifteen observations [43]. Firm financial performance is the most studied topic in Indonesian corporate governance, where the average of independent variables used is three. This emphasizes the need for more comprehensive study that covers multiple corporate governance attributes, rather than focusing solely on traditional mechanisms. According to [44], the corporate governance mechanism consists of audit committee, board of directors, and ownership structure. On average, the three independent variables indicate a lack of comprehensive research that integrates all governance attributes.

5.2 Corporate Governance Outcomes

5.2.1 Firm Financial Performance

Firm financial performance is an important outcome of corporate governance. In previous studies, the company's financial condition was mostly measured based on return on assets [13, 17], return on equity [45, 46], and Tobin's as the market return proxy [12, 40, 48]. Some other studies used a proxy combination of

dividend payout ratio [49], net profit margin [50], return on invested capital [51], and earning per share [52].

Table 4. Firm financial performance outcome from previous studies

No	Author	Title	Year	Proxy	Samples	Findings Summary
1	[53]	The Causality between Corporate Governance Practice and Bank Performance: Empirical Evidence from Indonesia	2011	Capital ratio	7	Corporate governance have a positive impact on the performance of Indonesian banks.
2	Utama, C. A. [54]	Company disclosure in Indonesia: Corporate governance practice, ownership structure, competition and total assets	2012	ROA	625	The disclosure level of companies listed on the Indonesia Stock Exchange is affected by CG practices, block holder ownership, and total assets. CG practices, total assets, and competition all have a positive impact on corporate disclosure.

No	Author	Title	Year	Proxy	Samples	Findings Summary
3	[17]	Corporate governance, reporting quality, and firm value: evidence from Indonesia	2013	ROA PBV Tobin's Q	125	Firms that implement better corporate governance have higher value.
4	[38]	Corporate governance disclosure in the annual report: An exploratory study on Indonesian Islamic banks	2013	ROA ROE	7	Banks with better implementation of corporate governance, from the side of the board of directors, committee boards, risk management, and external auditors show better financial performance results.
5	Utama, C. A.; Utama, S.	Corporate governance, size and disclosure of related party transactions, and firm value: Indonesia evidence	2013	ROE	998	Better governance practice lowers the size of related party liabilities. Better CG practice reduces the

No	Author	Title	Year	Proxy	Samples	Findings Summary
						occurrence of abusive RPTs, especially those related to liabilities.
6	[55]	Agency costs, corporate governance and ownership concentration: The case of agro-industrial companies in Indonesia	2015	ROA Profit	216	Independent commissioners and audit committees are not significant variable of reducing agency costs.
7	[46]	Corporate governance implementation rating in Indonesia and its effects on financial performance	2017	ROA ROE EPS	352	Company awareness on Good Corporate Governance has improved each year. There is no significant effect on CGPI rating and company growth, but does not affect stock market prices.

No	Author	Title	Year	Proxy	Samples	Findings Summary
8	[54]	Corporate governance and ownership structure: Indonesia evidence	2017	Dividend payout ratio	323	Firms controlled by foreign shareholders or state practice better CG mechanism than other firms. Firms with better CG perform better.
9	[56]	Expropriation by the controlling shareholders on firm value in the context of Indonesia: corporate governance as moderating variable	2017	ROA	332	Corporate governance has a positive effect on the company's financial performance, especially the audit committee, board diversity, and external audit.
10	Suroso, T Widyasuti, M N Salim [57]	Intellectual capital and corporate governance in financial performance Indonesia Islamic banking	2017	ROA	396	ROA of Islamic Banks in Indonesia affected by board diversity and board of commissioners.

No	Author	Title	Year	Proxy	Samples	Findings Summary
11	[58]	The mediating role of growth opportunity in good corporate governance-stock return relationship	2017	Tobin's q	92	Good corporate governance did not have a significant impact on the company's growth opportunities and no significant impact on shareholder returns.
12	[59]	The Analysis of Effects of Good Corporate Governance on Earnings Management in Indonesia with Panel Data Approach	2018	Tobin's q	325	Good corporate governance variable (composition of Commissioners & audit committee) affects the manufacturing companies' earning management. Board of Commissioners & audit committee has no effect on earnings management.

No	Author	Title	Year	Proxy	Samples	Findings Summary
13	[12]	The effect of stakeholder pressure and corporate governance on the quality of sustainability report	2018	Tobin's q	123	The effectiveness of the board of commissioners positively affects the quality of sustainability report. Family ownership in companies does not affect the quality of corporate social responsibility report.
14	[60]	Executive's compensation, good corporate governance, ownership structure, and firm performance: A study of listed banks in Indonesia	2018	ROA Tobin's q	324	The ownership structure has positive impact on banks accounting based performance.
15	[50]	Carbon Emissions, Firm Size, and Corporate Governance Structure: Evidence from the Mining and Agriculture	2019	Net profit margin	305	Larger board size has positive impact on carbon emission disclosure.

No	Author	Title	Year	Proxy	Samples	Findings Summary
		1 Industries in Indonesia				Larger board size enables firms to have a broad commissioners and directors' way of thinking, as they seek to attain transparency to their stakeholders.
16	[13]	Does internal corporate governance mechanism control firm risk? Evidence from Indonesia's three high-risk sectors	2019	ROA Leverage	310	Board independence has positive effect on asset return risk. Board size and board gender are unable to influence the firm risks.
17	[61]	Corporate governance and firm performance: An empirical study from Indonesian manufacturing firms	2020	ROA	330	Corporate governance can significantly improve a company's financial performance.

No	Author	Title	Year	Proxy	Samples	Findings Summary
18	[62]	Corporate Financial Performance on Corporate Governance Mechanism and Corporate Value: Evidence from Indonesia	2020	ROA ROE	225	Corporate governance (institutional ownership, independent commissioner, and audit committee) affect Corporate value of financial business in Indonesia.
19	[63]	The Effects of Financial Performance on Firm Value and Good Corporate Governance: Evidence from Indonesia	2020	ROA	258	Corporate governance (management ownership & independent committees) does not affect the ratio of financial performance to corporate value.
20	[64]	Corporate social responsibility and good corporate governance toward to equity return in banking: empirical	2020	ROE	42	The board of directors and independent members affect the compa

No	Author	Title	Year	Proxy	Samples	Findings Summary
		from Indonesia				ny's performance, but the size of the directors or the size of the audit committee does not affect the company's performance.
21	[65]	Intellectual capital and firm performance in Indonesia: The moderating role of corporate governance	2021	ROA ROE	170	The independence of the audit committee (CG agent) weakens the influence of the IC on the FP, pointing out the inefficiency of the audit committee of Indonesian state-owned enterprises.

As shown in Table 2, in general the evidence found in studies are consistent with the agency theory that well-managed companies by the corporate governance mechanism are more superior, to poorly managed companies. However, some studies have proven otherwise. The independence of audit committee weakens the company financial performance [65] shows that there are inefficiency on the audit committee, especially in Indonesian stated-owned enterprises. Other studies done in private companies show opposite result

where audit committee boost up the corporate financial performance in several ways [17, 53]. While for banking sector, all studies show the same result, where corporate governance give positive impact to the financial performance [38, 57]. The existence of difference in the types of industrial sectors used in the studies is one of the causes of the gap in research results.

Besides that, different methodologies might be the cause of other inconsistency results. For instance, both studies by [66] and [67] use sample data from Indonesia Stock Exchange for the period of 2016-2018. Audit committee and independent commissioner are the attributes used as research material. Handayani et al. mentioned that both variables affect corporate value of financial business in Indonesia, yet [67] give the opposite result. However, both studies still offer an opposite result. In the study, [66] explained about the moderating variable involve in the correlation of corporate governance and corporate financial performance. While [67] explained the limitation of the study is the lack of ability of the independent and moderating variables, which only explain the variation of the dependent variable by 7.1%.

Nevertheless, all the studies found were focused on corporate financial performance rather than the non-financial performance. Corporate financial performance reflects what company has achieved within a certain time span. While non-financial performance reflects the strategies and processes the company has created to run the company. This condition is caused because the company's financial performance is a vital growth value for companies [6].

5.2.2 Disclosure Quality

Study on the relationship between corporate governance and disclosure quality was carried out by 4 researchers. These studies brought up CSR disclosure [52], carbon emission disclosure [50], and voluntary disclosure [20]. The interest in CSR and carbon emission disclosure were triggered by the pressure from relevant stakeholders such as, government, environmental organizations, yet the society around the company. In addition, this interest in the relationship between governance and disclosure was also sparked by the 1998 financial crisis which resulted in significant changes to the company's rules and environment.

[52] found that corporate governance in Indonesian companies have a significant and positive impact on CSR disclosure. Furthermore, the CSR disclosure also have a significant and positive impact on the corporate value. On the other hand, to achieve sustainable development by reducing carbon emissions, each industry sector expected to implement sustainable development policies and programs. [50] stated that companies with good governance tend to publish carbon emissions disclosures voluntarily. This condition can be occurred because it is supported by the growing board, companies can have a broader view when commissioners and directors trying to achieve transparency to their stakeholders.

5.2.3 Earning Management

There are four previous studies that discuss the relationship between corporate governance and earnings management. Those studies focused on non-financial companies and no special attention is given to specific industrial sectors. Studies show result that audit committee and independent commissioner will limit the opportunistic manager from doing earning management [68]. This condition happened because members of the audit committee have a wide range of skills to oversee management. Audit committees with accounting and finance expertise have the potential to reduce earning management in companies. This result shows that audit committees tend to maintain a conservative mechanism as a corporate mechanism. Accounting conservatism plays an important role in restricting management opportunistic behavior. From the perspective of efficient corporate governance, audit committees with accounting and financial expertise can better reduce opportunistic revenue management. Besides that, a study by [37] showed another conclusion related to corporate governance and ownership. Companies with bigger family ownership tend to do efficient earning management rather than a business group companies.

5.3 Future Research Agenda

Indonesian capital market regulator, which represented by OJK as the entity that makes code and policies for existing companies, has tried to establish good corporate governance. The company has a responsibility to follow existing policies to avoid sanctions, as well as loss of respect from the wider community for its operational activities. However, the application of sanctions for violations of the implementation of corporate governance in Indonesia is still inadequate.

The introduction of OJK Code since 2012 has raised the attention of researchers to discuss issues related to corporate governance. A number of studies have been conducted to assess the role of corporate governance in improving corporate financial performance, yet also market development. These studies examined the impact of corporate governance on various organizational aspects such as corporate performance, audit quality, and revenue management. In Indonesia, the implementation of the OJK Code is impacting the quality of audits and the effectiveness of corporate performance by restructuring available corporate governance monitoring tools such as audit committees and internal audit functions [38, 57],

The sample studies in this review shows a lack of diversity especially in the study design. More than 80 percent of sample studies apply quantitative research using the secondary data. There are only few studies have applied qualitative approach, by doing survey and interviews. The use of primary data, such as survey or interview is claimed to provide many important insights that cannot be covered by secondary data. Therefore, for the future study, researcher advised to conduct qualitative study to gain a better understanding of various aspects of Indonesian corporate governance.

6 Conclusion

Companies listed on the Indonesian stock exchange must comply with the policies set by Otoritas Jasa Keuangan (OJK). Existing policies are made to protect stakeholders, such as investors, society, and also the environment. Companies are expected to comply with these regulations, which has been proven by various researchers whose studies are reviewed in this study, that in general, good corporate governance can improve the company's financial performance. This can be seen from the large number of cases of major fraud which resulted in a lot of losses for the stakeholders. The sample studies in this review find that more than 80 percent of Indonesian corporate governance study is done using quantitative approach. In addition, more than half of the studies sample used show that the research design was conducted to analyze the results of corporate governance in terms of the company's financial performance only. Meanwhile, research conducted by analyzing the advantages or other attributes of corporate governance is still lacking.

From this study, we can conclude that in general, Indonesian good corporate governance led companies to improve its financial performance positively. Even the corporate governance code also encourages companies to produce voluntary disclosures in various fields. From this review, a conclusion can be drawn from the research which mentions the results that contradict with the theories and the general results of the research. Where the gap in the results is caused by the differences in the types of company ownership, in this case is stated-own companies seem to show quite the opposite results. Then this condition can be explained by the presence of moderating variables in the form of Indonesia's political and economic conditions.

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