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Implementation of Corporate Governance in Improving Transparency and Sustainability of Companies in Global Market

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A R T I C L E I N F O

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A B S T R A C T

Corporate governance plays a critical role in ensuring the transparency, accountability, and sustainability of companies in an increasingly complex global environment. This study examines how effective corporate governance practices can help companies manage risks, strengthen stakeholder trust, and create long-term value. Transparent decision-making, ethical business practices, and sustainable development are at the core of corporate governance, facilitating the company's ability to respond to regulatory changes and market dynamics. Key components such as top management commitment, clear decision-making processes, and stakeholder engagement are important for maintaining governance integrity. The research highlights the importance of regularly assessing governance structures to adapt to evolving regulations and market challenges. The findings suggest that companies with strong governance frameworks are better equipped to navigate global challenges, secure competitive advantages, and ensure sustainability. By fostering a culture of responsible corporate governance, companies can improve not only their financial performance but also their social and environmental impact, contributing to long-term success in the global marketplace.

INTRODUCTION

Corporate governance is a system that regulates and oversees the way a company is run and governs. Essentially, good corporate governance focuses on strengthening transparency, accountability and balance between the interests of different stakeholders, such as shareholders, managers and community. In an increasingly complex global business environment, effective corporate governance is critical to creating companies that are able to adapt to change and operate sustainably. Success in implementing good governance principles can strengthen stakeholder trust and improve company performance (Bezo & Dibra, 2020).

On a practical level, good corporate governance helps companies maintain operational and managerial stability (Prasad & James, 2018). With transparent oversight mechanisms in place, decision-making can be done more accurately, which in turn promotes company sustainability (Essa & Mardikaningsih, 2021). The implementation of good governance principles in companies also plays an important role in improving the attractiveness of companies in the eyes of investors, who want organizations with transparent and trustworthy management. Companies that are able to implement corporate governance effectively tend to be better at managing risks and facing economic challenges (Rojak et al., 2021).

While corporate governance is widely regarded as an important factor in company sustainability, not all companies apply these principles well. Many companies, especially in developing countries, still face problems in transparent and accountable management, which often hinders their sustainability. Factors such as a culture of corruption, political influence, and lack of awareness about the importance of corporate governance are major challenges in realizing good governance. The implementation of good governance is an issue that should receive more attention in many companies (Pal, 2016).

Company sustainability can be threatened if there is no clear mechanism to oversee and monitor the company's operations. In many cases, weak corporate governance can lead to abuse of power,

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unfair distribution of resources, and failure to safeguard the long-term interests of the company (Alamin et al., 2021). In this regard, it is important to assess the role of corporate governance in creating a solid foundation for maintaining the sustainability of companies in highly competitive markets. This also engages consideration of how good governance can minimize risks and maximize opportunities for sustainable growth (Feizizadeh, 2015).

One of the main problems in corporate governance is the imbalance between short-term and long-term interests. Many companies are trapped in decision-making practices that are more oriented towards instant profits, which often ignore the long-term sustainability of the company. This practice is often driven by pressure from shareholders who want quick results, which can lead to decisions that do not support the long-term well-being of the organization (Aras & Crowther, 2010). In this situation, companies that fail to balance between short-term and long-term interests may face difficulties in maintaining their competitiveness in the global market.

Effective implementation of corporate governance is often hampered by the unclear structure of oversight and management of the company. Many companies, especially smaller or newly developed ones, do not have adequate oversight systems to ensure transparency in every decision taken. This lack of clarity opens up opportunities for abuse of power and inefficient management of resources. In this case, a more rigorous and structured implementation of corporate governance principles is needed to overcome these problems and create more efficient and accountable companies (Tricker, 2019).

Good corporate governance is more likely to maintain the stability and sustainability of their operations over the long-term. By applying transparent and accountable corporate governance principles, companies can manage their resources more efficiently and strengthen relationships with stakeholders. It is important to dig deeper into how the implementation of corporate governance can contribute to the sustainability of companies in the midst of increasingly fierce business competition.

The importance of corporate governance also lies in its impact on investor and market confidence. Companies with poor governance tend to lose the trust of their investors and customers, which in turn can be detrimental to the company's reputation and competitiveness. Focusing on the implementation of good corporate governance is a crucial step that must be taken by any company that wants to remain relevant and survive in this uncertain global market.

The purpose of this research is to analyze how the implementation of effective corporate governance can strengthen the sustainability of the company, with a focus on improving transparency and accountability in the management of the company. This research aims to provide insights into how companies can manage internal and external challenges that affect their long-term viability through better oversight and management structures.

RESEARCH METHOD

In the literature study approach related to the topic of corporate governance and corporate sustainability, researchers will analyze and review various relevant literature sources, including academic articles, books, and research reports that discuss the relationship between corporate governance and sustainability. This approach will engage a critical analysis of existing corporate governance theories and models, and their implications for transparency, accountability and decision-making that supports sustainability. This literature review aims to explore how corporate governance principles are applied in various corporate contexts and how this can affect the long-term performance of companies in maintaining their operational continuity. According to Mallin (2019), this literature review can provide deeper insights into the influence of corporate governance on decision-making that supports company sustainability.

This approach also considers the literature that discusses the challenges faced by companies in implementing good corporate governance, especially in volatile and competitive markets. Several studies show that firms often face obstacles in balancing short-term and long-term interests and ensuring that governance principles are followed consistently throughout the organization (Kiel & Nicholson, 2003). This literature study will explore relevant empirical evidence to identify best practices and corporate governance mechanisms that can help companies overcome these barriers. This approach is expected to generate a broader understanding of the relationship between corporate governance and company sustainability, and provide recommendations that can be applied by companies to improve the effectiveness of their governance.

RESULT AND DISCUSSION

In this era of globalization, the challenges faced by companies in maintaining sustainability and competitiveness are getting bigger. Companies must not only comply with increasingly stringent regulations, but also be able to respond to rapidly improving market needs. One of the main elements that support the company's success in facing these challenges is the implementation of good corporate governance principles. These principles include transparency, accountability and sustainability, which play an important role in ensuring companies can operate ethically, efficiently and responsibly towards all stakeholders (Darmawan, 2022). With good governance, companies can improve investor confidence, strengthen their public image and create long-term sustainable value.

In practice, the implementation of corporate governance is often faced with a number of challenges. Not all companies understand or have the capacity to implement these principles effectively. Differences in organizational culture, global market uncertainty and varying regulations in different countries can add to the complexity of implementing corporate governance. It is important to understand how corporate governance can be governed to ensure that companies continue to thrive in this globally dynamic environment (Almeajel, 2020).

Effective implementation of corporate governance principles will depend on the commitment of top management and the company's board of directors. In this case, integrity and transparency are the main keys to ensure that decisions taken are always oriented towards the long-term interests and sustainability of the company. Thus, the implementation of these principles will not only ensure the company's success in the short term, but also guarantee its sustainability in the future (Dykhnich, 2022).

The implementation of good corporate governance principles is key to improving transparency, accountability and sustainability of companies, especially in the face of increasingly complex global challenges (Aldaas et al., 2019). Effective corporate governance can create a clear framework for decision-making, reduce potential conflicts of interest, and ensure that managers act in the interests of shareholders and other stakeholders. Principles such as accountability, transparency and responsibility play an important role in ensuring that companies operate ethically and comply with applicable regulations, which in turn builds public and investor confidence (Cadbury, 1992). In this increasingly connected world, companies that implement corporate governance well will be able to demonstrate their commitment to transparency and accountability, thus maintaining their reputation in the long-term. According to Kyere and Ausloos (2021) the right governance mechanism can improve the company's financial performance.

One of the key principles of corporate governance is transparency, which ensures that all relevant information about a company's decisions is accessible to interested parties. This includes accurate and reliable financial reports, which provide a clear picture of the company's financial condition. With transparency, companies can reduce the risk of suspicion or uncertainty that could harm relationships with investors, customers and other stakeholders (Tirole, 2006). Decisions made by the company should also be based on clear and open data, which shows how resources are allocated and how the company's performance can be accounted for (Akuffo, 2020).

Accountability, on the other hand, refers to a company's obligation to take responsibility for the actions and decisions taken by the board of directors as well as management. Within the corporate governance framework, the board of directors plays an important role in ensuring that the company runs in accordance with its values and objectives. High accountability allows companies to maintain a balance between short-term and long-term interests, and ensures that decisions are oriented towards sustainability and long-term value creation (Shleifer & Vishny, 1997). Shareholders can influence the company's prosocial decisions, which impact the balance between short-term and long-term interests. (Fioretti et al., 2021).

Good corporate governance also contributes to corporate sustainability, in addition to transparency and accountability. Sustainability here not only includes financial aspects, but also engages a company's social and environmental responsibilities (Arifin & Darmawan, 2021). In the face of global challenges such as climate change, social inequality and stricter regulatory pressures, companies that adopt good corporate governance principles can more easily adjust to changes and achieve long-term sustainability goals (Porter & Kramer, 2011). Principles such as openness in information disclosure, proactive risk management, and a focus on social and environmental values are important elements that can support companies in managing their sustainability in this uncertain global era (Darmawan & Grenier, 2021).

Good risk management is another aspect of corporate governance that is crucial in facing global challenges. In this increasingly globalized and connected context, companies need to be able to identify and manage risks not only from local markets, but also from external factors such as global economic fluctuations, international regulatory changes, and rapid technological developments.

Good corporate governance ensures that companies have a supervisory structure that can detect and respond to these risks in an effective and timely manner, so that the company can protect the interests of its stakeholders and ensure the continuity of the company's operations (Fama & Jensen, 1983). When there is separation of ownership and control, the legitimacy of corporate private property rights and of the modern corporation as an acceptable means of social control is destroyed and problems arise between owners and those managing their wealth (Kong et al., 2020).

One of the increasingly relevant global challenges is the issue of diversity and inclusion in corporate management. The implementation of good corporate governance principles includes efforts to ensure that a company's board of directors has sufficient diversity, both in terms of gender, ethnicity and professional background. Research shows that a diverse board can improve the quality of decision-making, as members with different perspectives can see problems from a broader perspective, which helps companies face global challenges more effectively (Adams & Ferreira, 2009). Good corporate governance not only pays attention to transparency and accountability, but also diversity and inclusion in the managerial structure.

The implementation of good corporate governance can also strengthen the company's relationship with various stakeholders, including the community, government, and international institutions. In the face of globalization and rapid regulatory change, companies need to demonstrate their commitment to social responsibility and compliance with applicable regulations at the national and international levels. This can create a more conducive environment for companies to operate effectively, reduce potential conflicts with regulators, and improve relationships with interested parties (Klien & Rappaport, 2012).

In a globalized business world filled with uncertainty and intensifying competition, the principles of good corporate governance are more important than ever. Company managers and boards must be able to make decisions that consider long-term interests, transparency, accountability and sustainability. Decision-making based on these principles will help companies maintain their competitiveness in the global marketplace and create greater value for shareholders and other stakeholders. For example, companies that pay attention to sustainability and social responsibility will be better able to address climate change and meet the demands of consumers who are increasingly concerned about social and environmental issues.

Good corporate governance is also important in maintaining a company's reputation in a global marketplace that is increasingly critical of ethical and social responsibility issues. Consumers and investors are increasingly paying attention to companies that conduct their business in a transparent, responsible and sustainable manner. Thus, companies that apply the principles of good governance will be more trusted by consumers and investors, which in turn can improve the performance and sustainability of the company in the long-term (Eccles et al., 2012).

While many companies are working to improve their corporate governance, implementation challenges remain. Some companies face internal barriers, such as a corporate culture that does not support transparency and accountability, and communication issues between the board and management. External factors such as global economic uncertainty and regulatory differences between countries can also make it difficult to implement effective corporate governance. It is important that companies continue to develop and refine their corporate governance structures to better address these challenges (Chepkwei, 2020).

Success in implementing effective corporate governance will depend on the commitment and active participation of all stakeholders, including managers, boards of directors, employees and shareholders (Mardikaningsih & Halizah, 2022). All parties must work together to create an organizational culture that supports the principles of transparency, accountability and sustainability. In the face of increasingly complex global challenges, companies that are able to manage corporate governance well will have stronger competitiveness and be better able to adapt to changes that occur in the global market (Shermukhamedov, 2022).

By paying attention to the principles of corporate governance, companies can build a strong foundation for growth, maintain positive relationships with stakeholders, and meet the increasingly high expectations of the public and regulators. Good governance provides clear direction for companies in making decisions that cover social, economic and environmental aspects. Companies that are able to apply these principles will have a greater competitive advantage in an increasingly connected and transparent business world (Kabeyi, 2019).

To achieve this, companies must consistently assess and adapt their governance structures to remain relevant to changes in the external environment and internal dynamics. It is also important to engage all stakeholders in efforts to maintain corporate governance, especially in ensuring that every decision taken reflects the company's commitment to sustainability and social responsibility. This will strengthen the company's reputation and have a positive impact on the community at large.

Overall, good corporate governance is not only a regulatory imperative, but also a strategic investment in the company's future. By properly implementing these principles, companies can more easily deal with managing risks, maintaining sustainability, and improving their competitiveness in an increasingly competitive global market.

CONCLUSION

Effective implementation of corporate governance principles is important in the face of increasingly complex global challenges. By implementing transparency, accountability and sustainability, companies can strengthen their internal structures and build trust with stakeholders. Good governance not only helps companies comply with regulations, but also leads to long-term sustainability by creating socially and environmentally responsible value. Top management and the board of directors play a key role in building a culture that supports integrity- and sustainability-focused decision-making. Successful implementation of these principles also depends on a company's ability to adapt its governance to external changes and ever-changing market dynamics.

As a next step, companies need to actively evaluate and update their corporate governance policies to respond to global developments and changing regulations. It is important for companies to ensure that all members of the organization understand and support the company's sustainability and social responsibility objectives. Companies should also prioritize transparent communication with all stakeholders to maintain strong and mutually beneficial relationships. By doing so, the company will not only succeed in short-term operations, but will also ensure sustainable growth in the future.

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