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A Legal Review of the Role of the Board of Commissioners in Enforcing Good Corporate Governance

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Abstract

Good corporate governance promotes responsible corporate management. In Indonesia's corporate legal system, the Board of Commissioners oversees the Board of Directors, and the effectiveness of this oversight depends on institutional and internal corporate conditions. This study examines the legal position and authority of the Board of Commissioners in upholding good corporate governance and identifies the factors that shape its supervisory effectiveness. The study uses a doctrinal legal method, applying statutory and conceptual approaches through library research. The analysis identifies a clear legal basis for the Board of Commissioners to supervise and advise the Board of Directors, temporarily suspend directors under specified circumstances, and establish supporting committees. These powers provide checks and balances that support transparency, accountability, responsibility, independence, and fairness. Supervisory effectiveness depends on board independence, the competence of commissioners, board size and composition, access to information, and the availability of supporting committees. The study concludes that effective corporate governance requires a clear legal mandate and supervisory practices that put it into effect. The findings identify conditions that companies can address to strengthen board oversight.

Keywords: Board of Commissioners; Good Corporate Governance; Supervisory Effectiveness; Board Independence; Indonesian Corporate Law

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INTRODUCTION

As markets become increasingly open and globalized and business activities grow more complex, Good Corporate Governance (GCG) has become an important issue in the business world (Kusuma et al., 2019). The implementation of Good Corporate Governance plays a significant role in supporting corporate success and improving company performance (Gwala & Mashau, 2022). GCG provides a framework governing the relationships among management, the Board of Commissioners, shareholders, and stakeholders in determining corporate direction and overseeing company performance (OECD, 2023). Within the corporate structure, the Board of Commissioners holds a strategic position because it is responsible for supervising management policies and the overall management of the company, as well as providing advice to the Board of Directors, as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies. Therefore, the Board of Commissioners plays an important role in implementing GCG by ensuring independent supervision and exercising control over the Board of Directors, which is responsible for managing the company (Dharmawan & Kurniawan, 2018).

Nevertheless, the practical implementation of GCG continues to face challenges, particularly concerning the effectiveness of the supervisory functions of corporate organs. Research (Manao et al., 2025) identified limited independence and competence among members of the Board of Commissioners, as well as the suboptimal frequency and quality of supervision, as major challenges in implementing GCG. One notable example is the case of PT Asuransi Jiwasraya, which involved the abuse of authority and mismanagement of customer investment funds, resulting in substantial financial losses. In his study, (Supriyanto, 2024) revealed that the Board of Commissioners had received information regarding investment-related problems but failed to undertake adequate supervisory measures to verify and follow up on those issues. These findings indicate that the Board of Commissioners did not optimally perform its supervisory and advisory functions concerning the Board of Directors' investment policies. Weak corporate supervision and internal control may increase the risk of irregularities and conflicts of interest, while undermining corporate accountability (OECD, 2023).

The legal position and responsibilities of the Board of Commissioners are regulated under Law Number 40 of 2007 concerning Limited Liability Companies. Article 108 paragraph (1) stipulates that the Board of Commissioners is responsible for supervising

management policies and the overall management of the company, as well as providing advice to the Board of Directors. Furthermore, Article 114 paragraphs (1) and (2) regulate the responsibilities of the Board of Commissioners in carrying out its supervisory functions and require each commissioner to perform their duties in good faith, with due care and diligence, and with a sense of responsibility. Moreover, Article 114 paragraph (3) provides for the possibility of personal liability for members of the Board of Commissioners if they are proven to be at fault or negligent in performing their duties, thereby causing losses to the company. Specifically, for issuers and public companies, the duties and responsibilities of the Board of Commissioners are also regulated under Financial Services Authority Regulation Number 33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies.

Although a legal framework has been established, the effectiveness of supervision remains a significant corporate governance concern. Empirical studies in Indonesia indicate that the characteristics of the Board of Commissioners, particularly the proportion of independent commissioners, are positively associated with corporate performance (Hidayat & Utama, 2015). Furthermore, the independence, age, educational background, and meeting frequency of the Board of Commissioners have varying effects on companies' financial performance (Susmanto et al., 2021). Research on commissioners holding multiple board positions has also identified a negative relationship between commissioners' busyness and corporate performance among samples of publicly listed companies in Indonesia, highlighting the importance of considering their time availability and supervisory capacity (Trinugroho et al., 2023). These findings suggest that compliance with formal corporate governance structures does not necessarily guarantee substantive and effective supervision.

In light of these conditions, a juridical examination of the role of the Board of Commissioners is necessary to address the following research questions: How does the Board of Commissioners contribute to the enforcement of Good Corporate Governance under Indonesian laws and regulations? Furthermore, why is the implementation of the Board of Commissioners' supervisory functions not always effective in enforcing Good Corporate Governance, and what measures can be undertaken to strengthen its effectiveness? Accordingly, this study aims to analyze the legal foundations and forms of the Board of Commissioners' role in enforcing GCG, as well as to identify and describe the factors influencing the effectiveness of its supervisory functions.

METHODS

This study employs normative legal research, which focuses on examining positive legal norms, legal principles, legal doctrines, and statutory regulations relevant to the legal issues under investigation. The research was conducted through library research using secondary data consisting of primary, secondary, and tertiary legal materials (Hanitijo, 1988; Marzuki, 2017). This study aims to analyze the legal position, duties, functions, and authority of the Board of Commissioners in exercising supervisory functions over the Board of Directors, as well as its role in enforcing the principles of Good Corporate Governance (GCG), namely transparency, accountability, responsibility, independence, and fairness.

The approaches employed in this study consist of the statutory approach and the conceptual approach. The statutory approach was conducted by examining legal provisions relating to limited liability companies and the implementation of GCG, particularly Law Number 40 of 2007 concerning Limited Liability Companies and its implementing regulations. The conceptual approach involved examining legal doctrines, theories, and expert opinions concerning corporate law, the legal position of corporate organs, supervisory functions, and the principles of GCG. Primary legal materials were obtained from statutory regulations, while secondary legal materials consisted of books, scientific journals, and research findings. Tertiary legal materials included legal dictionaries and encyclopedias. Legal materials were collected through library research by identifying, inventorying, and classifying relevant legal sources according to the research focus.

The legal materials were analyzed qualitatively using descriptive-analytical and prescriptive methods. This process involved describing the applicable legal provisions, analyzing the relationship between legal norms and the exercise of the Board of Commissioners' authority, and formulating legal arguments and recommendations concerning the issues under investigation. The analysis employed organ theory to examine the legal position and authority of the Board of Commissioners within the corporate structure, as well as Lawrence M. Friedman's legal system theory, which comprises legal structure, legal substance, and legal culture, to identify the factors influencing supervisory effectiveness. Through this analysis, the study seeks to assess the optimization of the Board of Commissioners' role in enforcing GCG principles while formulating measures to strengthen its supervisory functions in order to achieve sound corporate governance.

RESULTS

The findings indicate that the Board of Commissioners holds a strategic legal position within the corporate governance structure, as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies. The Board of Commissioners occupies an equal position as one of the company's organs alongside the General Meeting of Shareholders (GMS) and the Board of Directors, although each has distinct functions and authorities. The Board of Commissioners is responsible for exercising general and/or specific supervision over management policies and the overall management of the company, while also providing advice to the Board of Directors. These functions are carried out in the interests of the company and in accordance with its purposes and objectives. Accordingly, the Board of Commissioners does not merely serve as a supplementary element of the corporate organizational structure but functions as a supervisory organ responsible for ensuring that corporate management activities are conducted in accordance with applicable laws, the company's articles of association, and the principles of good corporate governance.

In carrying out its role, the Board of Commissioners exercises authority as prescribed by statutory regulations. Such authority includes supervising the policies of the Board of Directors, providing advice, temporarily dismissing members of the Board of Directors under certain circumstances, granting approval or assistance for specific legal actions when required by the articles of association, and establishing committees to support the performance of its supervisory functions. In addition, the Board of Commissioners is required to hold meetings, prepare minutes of meetings, report share ownership, and submit reports on the implementation of its supervisory duties to the GMS. Each member of the Board of Commissioners is also required to perform their duties in good faith, with due care and diligence, and with a sense of responsibility. If the company incurs losses as a result of errors or negligence in carrying out supervisory duties, members of the Board of Commissioners may be held personally liable in accordance with applicable legal provisions.

Table 1. Legal Position, Authority, and Responsibilities of the Board of Commissioners

No.	Aspect	Legal Basis	Regulatory Provisions
1	Legal Position of the Board of Commissioners	Article 1 point 2 and point 6 of the Company Law	As a corporate organ responsible for exercising supervisory and advisory functions.
2	Supervisory Function	Article 108 of the Company Law	Supervising management policies and the overall management of the company.
3	Appointment of Members	Article 111 of the Company Law	Members of the Board of Commissioners are appointed through the GMS.

4	Membership Requirements	Article 110 of the Company Law	Must satisfy legal requirements and must not fall within any category of persons prohibited from holding the position.
5	Temporary Dismissal of Directors	Article 106 of the Company Law	Authorized to temporarily dismiss members of the Board of Directors on specified grounds.
6	Approval of Directors' Actions	Article 117 of the Company Law	Granting approval or assistance for certain legal actions in accordance with the articles of association.
7	Management Under Certain Circumstances	Article 118 of the Company Law	May undertake management actions based on the articles of association or a GMS resolution for a specified period.
8	Establishment of Committees	Article 121 of the Company Law	Establishing committees to support the performance of supervisory duties.
9	Accountability	Article 114 of the Company Law	Responsible for performing supervisory duties in good faith and with due care and diligence.
10	Reporting and Administration	Article 116 of the Company Law	Preparing meeting minutes, reporting share ownership, and submitting supervisory reports to the GMS.

Source: Analysis of statutory regulations, 2026.

Based on Table 1, the legal framework governing the Board of Commissioners provides a relatively clear foundation concerning its position, authority, and responsibilities within a company. These powers demonstrate that the Board of Commissioners possesses legal instruments to supervise the management activities carried out by the Board of Directors. However, the exercise of such authority remains subject to the division of functions among corporate organs. The Board of Commissioners is not permitted to assume the company's operational management functions, except under certain circumstances as stipulated in Article 118 of the Company Law. This limitation is necessary to prevent overlapping authority between the Board of Commissioners and the Board of Directors. Accordingly, the relationship between these two organs must be established on the basis of a balance of authority and complementary supervisory mechanisms.

The findings further indicate that the role of the Board of Commissioners in enforcing Good Corporate Governance (GCG) is manifested through supervision of the implementation of five fundamental corporate governance principles: transparency, accountability, responsibility, independence, and fairness. These five principles serve as guidelines for the Board of Commissioners in assessing the policies and actions of the Board of Directors to ensure that corporate management is not solely oriented toward profit

generation but also takes into account legal compliance, the protection of shareholders' interests, and responsibilities toward stakeholders.

Table 2. The Role of the Board of Commissioners in Enforcing the Principles of Good Corporate Governance

No.	GCG Principle	Role of the Board of Commissioners	Supervisory Objective
1	Transparency	Supervising information disclosure, financial reports, and the dissemination of corporate information.	Ensuring that corporate information is disclosed accurately, correctly, and in a timely manner.
2	Accountability	Evaluating the performance of the Board of Directors, the division of duties and authority, and the internal control system.	Ensuring that each corporate organ performs its duties and responsibilities clearly.
3	Responsibility	Supervising compliance with statutory regulations and the fulfillment of social and environmental responsibilities.	Ensuring that corporate activities are conducted in accordance with legal requirements and corporate responsibilities.
4	Independence	Monitoring potential interference, conflicts of interest, and non-objective decision-making.	Maintaining objectivity and preventing the dominance of particular interests.
5	Fairness	Supervising the treatment of shareholders and other stakeholders.	Ensuring fair and equal treatment in corporate management.

Source: Analysis of legal materials and literature, 2026.

Based on Table 2, the role of the Board of Commissioners in implementing GCG is not limited to examining the actions of the Board of Directors but also encompasses ensuring that every corporate policy is implemented in accordance with sound corporate governance principles. Under the principle of transparency, the Board of Commissioners must ensure that corporate information is openly available and not misleading. Under the principle of accountability, supervision is directed toward ensuring a clear division of duties, performance evaluation, and the effectiveness of internal controls. Meanwhile, the principle of responsibility requires the Board of Commissioners to ensure corporate compliance with applicable legal provisions. The principle of independence is realized through objective supervision free from conflicts of interest, whereas the principle of fairness concerns the protection of the rights and interests of shareholders and other stakeholders. These five principles demonstrate that the Board of Commissioners plays an important role in maintaining the quality of corporate management while preventing irregularities in the conduct of corporate activities.

In addition to exercising direct supervision, the Board of Commissioners is supported by committees that assist in carrying out its duties and responsibilities. The Audit Committee plays a role in assisting the supervision of financial reporting processes, audit implementation, and the effectiveness of internal controls. The Nomination and Remuneration Committee assists in functions relating to nomination processes and the determination of remuneration for corporate organs. In public companies, the existence of these committees forms part of efforts to strengthen the corporate governance system. The establishment of supporting committees enables the Board of Commissioners to obtain more focused information, conduct in-depth evaluations, and improve the quality of supervision over corporate policies and management activities.

The findings also identify several factors, both internal and external to the company, that influence the effectiveness of the Board of Commissioners' supervisory functions. These factors relate to the independence of its members, their competence and experience, the size and composition of the Board of Commissioners, the availability of information, and the existence of supporting committees. These factors are closely associated with the Board of Commissioners' ability to exercise objective supervision, understand corporate risks, and provide appropriate advice to the Board of Directors.

Table 3. Factors Influencing the Effectiveness of the Board of Commissioners' Supervisory Functions

No.	Factor	Required Conditions	Influence on Supervisory Effectiveness
1	Independence	Freedom from personal interests, affiliations, and pressure from particular parties.	Maintaining objectivity in assessing the policies and actions of the Board of Directors.
2	Competence	Possessing knowledge, experience, and expertise in law, finance, management, and corporate risk.	Improving the accuracy of evaluations and the quality of advice provided.
3	Size and Composition	Having an appropriate number of members and a composition of expertise suited to the company's needs.	Supporting the division of duties and supervisory capacity.
4	Access to Information	Having access to complete, accurate, relevant, and timely information.	Facilitating the identification of risks and irregularities in corporate management.
5	Supporting Committees	Having committees with appropriate functions and competencies.	Strengthening supervision of financial, audit, nomination, and remuneration matters.

Source: literature on the effectiveness of the Board of Commissioners' supervisory functions, 2026.

Based on Table 3, independence and competence are important factors in determining the quality of supervision exercised by the Board of Commissioners. Members who possess independence can perform their supervisory functions without being influenced by personal interests or pressure from particular parties. Meanwhile, competence is necessary to enable members of the Board of Commissioners to understand the company's condition, analyze financial statements, assess business policies, and identify risks that may potentially cause losses. The size and composition of the Board of Commissioners must also be considered because an inadequate number of members relative to the company's needs may affect coordination and the distribution of supervisory responsibilities. Furthermore, limited access to information may hinder the Board of Commissioners' ability to detect irregularities. Therefore, supporting committees and an adequate information-sharing system are necessary to improve supervisory effectiveness.

The effectiveness of the Board of Commissioners' supervision can further be examined through legal system theory, which comprises three elements: legal structure, legal substance, and legal culture. These three elements demonstrate that the successful implementation of GCG is determined not only by the existence of regulations but also by institutional readiness and the conduct of all corporate organs in implementing legal provisions.

Table 4. Analysis of the Effectiveness of the Board of Commissioners' Supervision Based on Legal System Theory

No.	Element of the Legal System	Potential Problems	Strengthening Measures
1	Legal Structure	Lack of independence and competence, as well as the suboptimal functioning of supporting committees.	Improving the quality of board members, strengthening the role of independent commissioners, and optimizing supporting committees.
2	Legal Substance	Unclear implementation of authority, limited access to information, and weak accountability mechanisms.	Clarifying supervisory procedures, strengthening reporting systems, and improving regulatory compliance.
3	Legal Culture	Low levels of integrity, transparency, legal awareness, and compliance among corporate organs.	Fostering a corporate culture of transparency, integrity, responsibility, and legal compliance.

Source: Analysis based on Lawrence M. Friedman's legal system theory, 2026.

Based on Table 4, the legal structure element highlights the importance of the institutional quality of the Board of Commissioners in performing its supervisory functions. A supervisory structure that is not supported by independent and competent members may result in ineffective oversight. Regarding the legal substance element, statutory regulations have established the basis for the authority and responsibilities of the Board of Commissioners; however, their implementation requires clear supervisory and accountability mechanisms. Meanwhile, the legal culture element relates to the integrity and legal awareness of all corporate organs in complying with legal provisions and prioritizing the interests of the company. These three elements are interrelated because sound regulations will not produce optimal results without strong institutional support and a corporate culture that upholds compliance.

The findings further indicate that efforts to strengthen the role of the Board of Commissioners should focus on improving the quality of supervisory practices rather than merely fulfilling formal requirements within the corporate structure. Such efforts can be undertaken by enhancing the competence of members of the Board of Commissioners, optimizing the role of Independent Commissioners, strengthening the functions of supporting committees, and ensuring adequate access to information concerning all corporate activities. The Board of Commissioners should also conduct periodic evaluations of the performance of the Board of Directors, risk management policies, internal control systems, and corporate compliance with statutory regulations. Furthermore, the mechanism for reporting supervisory findings to the GMS should be implemented transparently and responsibly to ensure that every identified issue receives appropriate follow-up.

DISCUSSION

1. Legal Position of the Board of Commissioners

The legal basis for the existence and position of the Board of Commissioners is established under Law Number 40 of 2007 concerning Limited Liability Companies (Company Law), as subsequently amended by relevant statutory regulations. Pursuant to Article 1 point 2 of the 2007 Company Law, the organs of a company consist of the General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners. This provision establishes the Board of Commissioners as one of the company's organs, which performs supervisory functions and provides advice to the Board of Directors.

Furthermore, Article 1 point 6 of the Company Law defines the Board of Commissioners as a corporate organ responsible for exercising general and/or specific supervision in accordance with the articles of association and providing advice to the Board of Directors.

The provisions concerning the position and functions of the Board of Commissioners are also stipulated in Article 108 paragraph (1) of the Company Law, which provides that the Board of Commissioners supervises management policies and the overall management of the company, both with regard to the company itself and its business activities, and provides advice to the Board of Directors. Pursuant to Article 108 paragraph (2), such supervision and advisory functions must be performed in the interests of the company and in accordance with its purposes and objectives. This means that the supervision and advice provided by the Board of Commissioners must not serve the interests of any particular party or group but must be directed exclusively toward the overall interests of the company and remain consistent with its purposes and objectives.

The Company Law stipulates that the Board of Commissioners must consist of at least one member. If the Board of Commissioners consists of more than one member, it functions as a collegial body, meaning that individual members cannot act independently but must act based on decisions made by the Board of Commissioners collectively. The Company Law also requires companies whose business activities involve the collection and/or management of public funds, companies that issue debt acknowledgment instruments to the public, or publicly listed companies to have at least two members of the Board of Commissioners, as stipulated in Article 108.

Pursuant to Article 111 of the Company Law, members of the Board of Commissioners are appointed by the GMS, whereas the initial appointment of members of the Board of Commissioners is made by the founders in the company's deed of establishment. Members of the Board of Commissioners are appointed for a specified term and may be reappointed in accordance with the provisions of the company's articles of association. Article 110 of the Company Law stipulates that individuals eligible for appointment as members of the Board of Commissioners must be legally competent natural persons and must not fall within certain disqualifying circumstances specified in the article. These include having been declared bankrupt, having been found guilty of causing a company to become bankrupt while serving as a member of the Board of Directors or the Board of Commissioners, or having been convicted of a criminal offense causing losses to

state finances and/or relating to the financial sector within five years prior to their appointment.

According to the guidelines issued by the National Committee on Governance Policy (2006), the Board of Commissioners, as a corporate organ, is collectively responsible for supervising and advising the Board of Directors and ensuring that the company implements GCG. The Board of Commissioners must not participate in operational decision-making. All members of the Board of Commissioners, including the President Commissioner, hold equal positions. The position of the President Commissioner *as* primus inter pares is limited to coordinating the activities of the Board of Commissioners (Johan, 2022).

For issuers and public companies, specific provisions concerning the Board of Commissioners are regulated under Financial Services Authority Regulation Number 33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies. This regulation applies specifically to issuers and public companies; therefore, its specific provisions cannot automatically be applied to all privately held companies. Article 20 of the POJK stipulates that the Board of Commissioners of an issuer or public company must consist of at least two members. If the Board of Commissioners consists of two members, one of them must be an Independent Commissioner. If the number of members exceeds two, Independent Commissioners must constitute at least 30% of the total membership of the Board of Commissioners. Furthermore, one member of the Board of Commissioners must be appointed as the President Commissioner (Apriliani, 2023).

The position of commissioner is not merely a comfortable position without risks, as the Company Law establishes relatively strict requirements for individuals seeking to hold such office. Commissioners must also fulfill fiduciary duties toward the company, including obligations relating to the disclosure of their share ownership in the company. By submitting reports on such share ownership, potential conflicts of interest that could harm the company can be prevented.

2. Authority of the Board of Commissioners

The authority of the Board of Commissioners is fundamentally related to the exercise of supervisory functions and the provision of advice to the Board of Directors. As stipulated in Article 108 paragraph (1) of the Company Law, the Board of Commissioners supervises management policies and the overall management of the company, both with regard to the

company itself and its business activities, and provides advice to the Board of Directors. In exercising this authority, the Board of Commissioners must act in the interests of the company and in accordance with its purposes and objectives.

In performing these duties, each member of the Board of Commissioners is required to act in good faith, with due care and diligence, and with a sense of responsibility when carrying out supervisory and advisory functions toward the Board of Directors, as regulated in Article 114 paragraph (2) of the Company Law. Furthermore, Article 114 paragraphs (3) and (4) regulate the personal liability of members of the Board of Commissioners for company losses if such losses result from errors or negligence in performing their duties. However, the Company Law provides an exemption from liability if a member of the Board of Commissioners can demonstrate that they have exercised supervision in good faith and with due care and diligence, had no personal interest in the actions of the Board of Directors that caused the losses, and provided advice to the Board of Directors to prevent the occurrence or continuation of such losses.

Article 106 of the Company Law grants the Board of Commissioners the authority to temporarily dismiss one or more members of the Board of Directors by stating the reasons for such dismissal. The temporary dismissal must be communicated in writing to the relevant member of the Board of Directors. Following the temporary dismissal, the company is required to convene a GMS to provide the affected member of the Board of Directors with an opportunity to present a defense. The GMS must be convened no later than 30 days from the date of the temporary dismissal. If the GMS is not convened within the prescribed period or fails to adopt a resolution, the temporary dismissal becomes null and void.

Article 117 paragraph (1) of the Company Law provides that the company's articles of association may stipulate that certain legal actions undertaken by the Board of Directors must obtain the approval or assistance of the Board of Commissioners. Accordingly, this authority does not automatically apply to all actions of the Board of Directors but must be based on provisions contained in the company's articles of association. The elucidation of Article 117 of the Company Law distinguishes between the approval and assistance of the Board of Commissioners. Approval refers to written consent granted by the Board of Commissioners, whereas assistance refers to the involvement of the Board of Commissioners in accompanying the Board of Directors when undertaking certain legal actions.

Article 118 paragraph (1) of the Company Law stipulates that, based on the articles of association or a resolution of the GMS, the Board of Commissioners may undertake management actions on behalf of the company under certain circumstances and for a specified period. This authority constitutes an exception to the primary function of the Board of Commissioners, which fundamentally lies within the scope of supervision. When the Board of Commissioners undertakes management actions under such circumstances and for a specified period, all provisions governing the rights, powers, and obligations of the Board of Directors toward the company and third parties shall apply.

Article 121 of the Company Law provides that, in carrying out its supervisory duties, the Board of Commissioners may establish committees consisting of one or more members of the Board of Commissioners. The committees so established are accountable to the Board of Commissioners. In the context of issuers and public companies, Article 28 paragraph (2) of Financial Services Authority Regulation Number 33/POJK.04/2014 stipulates that, under certain circumstances, the Board of Commissioners is required to convene annual GMS meetings and other GMS meetings in accordance with its authority under statutory regulations and the company's articles of association. This provision establishes the convening of GMS meetings as one of the duties of the Board of Commissioners under certain circumstances, rather than granting it the authority to assume all functions of the GMS. Specifically, issuers and public companies are required to establish an Audit Committee and may establish other committees to support the performance of their duties and responsibilities. The Board of Commissioners is also required to evaluate the performance of committees assisting in the discharge of its duties and responsibilities at the end of each financial year.

Article 116 of the Company Law requires the Board of Commissioners to prepare and retain minutes of its meetings, report the share ownership of its members and/or their family members in the company and other companies, and submit a report on the implementation of its supervisory duties during the preceding financial year to the GMS. Specifically, for issuers and public companies, the Board of Commissioners is required to hold meetings at least once every two months. The Board of Commissioners is also required to hold regular joint meetings with the Board of Directors at least once every four months.

3. The Role of the Board of Commissioners in Enforcing Good Corporate Governance

The role of the Board of Commissioners in establishing Good Corporate Governance (GCG) is based on its supervisory and advisory functions, as stipulated in Article 108 paragraph (1) of Law Number 40 of 2007 concerning Limited Liability Companies. The implementation of these functions is grounded in the principles of transparency, accountability, responsibility, independence, and fairness as the foundation for sound corporate governance (Graziano, 2016). From a legal perspective, the Board of Commissioners is not responsible for managing the company's operations but serves as a corporate organ exercising a system of checks and balances to ensure that corporate management complies with statutory regulations and the principles of good corporate governance (Hidayatullah et al., 2026). The Board of Commissioners plays a role in supervising management policies and their implementation. In sound corporate governance practices, such supervision includes reviewing and evaluating corporate strategies and business plans, monitoring the implementation of work plans and budgets, evaluating the performance of the Board of Directors, and supervising investment plans and the implementation of risk management (IFC & OJK, 2014). The OECD Principles identify the monitoring of strategy implementation and corporate performance, as well as the supervision of significant transactions, as key functions of corporate supervisory organs (OECD, 2023). Within the framework of the Company Law, such supervision must maintain the separation of functions, whereby the Board of Directors is responsible for management, while the Board of Commissioners exercises supervision and provides advice.

The principle of transparency is closely related to the role of the Board of Commissioners in supervising and ensuring that information disclosure is carried out objectively. The Board of Commissioners plays an active role in assessing management policies and ensuring that reports submitted to the public accurately reflect the company's actual condition (Pasa et al., 2025). Under the principle of accountability, the Board of Commissioners has an important responsibility to ensure that management implements accountability through a clear organizational structure, measurable divisions of duties and authority, and a strong internal control system, supported by periodic evaluations of the Board of Directors' performance. Under the principle of responsibility, the Board of Commissioners acts as an independent supervisory organ that ensures the company does not focus solely on profit generation but also considers its social and environmental impacts

(Pasa et al., 2025). Article 114 of the Company Law also stipulates that each member of the Board of Commissioners must perform supervisory duties in good faith, with due care and diligence, and with a sense of responsibility, and may be held personally liable if proven to have committed an error or negligence in carrying out their duties. Furthermore, under the principle of independence, the presence of Independent Commissioners in public companies is intended to enhance supervisory objectivity and maintain a balance of interests within the company (Rifai, 2009). The G20/OECD Principles also emphasize the importance of objective and independent judgment from management in monitoring performance and controlling potential conflicts of interest. Financial Services Authority Regulation Number 33/POJK.04/2014 regulates the requirements for Independent Commissioners and the obligation to disclose statements of independence in annual reports. The Board of Commissioners plays a role in ensuring that corporate management provides fair and equal treatment to all shareholders and takes into account the interests of other stakeholders through supervision of the policies and actions of the Board of Directors, particularly those that may give rise to conflicts of interest or grant preferential treatment to certain parties, in accordance with the principle of fairness (Apriliani, 2023).

The Board of Commissioners also plays a role in supervising conflicts of interest and related-party transactions. Such supervision is necessary to ensure that corporate decisions are not dominated by personal or group interests that may harm the company. The G20/OECD Principles identify the prevention of conflicts of interest and the control of transactions as important components of sound corporate governance. The enforcement of GCG requires an understanding of strategic, operational, financial, legal, technological, and reputational risks. The Board of Commissioners should receive adequate risk reports, monitor the adequacy of internal controls, and ensure that audit findings are properly followed up. This approach is consistent with the OECD Principles concerning the monitoring of corporate performance and the supervision of internal control and disclosure systems (OECD, 2023).

4. Factors Influencing the Effectiveness of the Board of Commissioners' Supervisory Functions

An examination of the corporate governance literature identifies several aspects associated with the implementation of the supervisory functions of corporate organs. These factors include the following:

Independence refers to the ability of members of the Board of Commissioners to perform their supervisory functions objectively without being influenced by personal interests, affiliation relationships, or pressure from the Board of Directors and controlling shareholders. Independence enables the Board of Commissioners to critically assess the policies and actions of the Board of Directors. This is supported by the research of (Badu & Appiah, 2017) which states that independence has a strong influence on supervisory effectiveness.

Competence encompasses the knowledge, experience, skills, and expertise of members in understanding business activities, finance, law, management, and corporate risks. The competence of members of the Board of Commissioners relates to the knowledge and capabilities required to perform supervisory duties. The OECD identifies diversity in board members' backgrounds and capabilities as an important consideration in the board selection process to address corporate developments and risks. Research (Koładkiewicz, 2014) found that board composition characterized by diverse competencies is one of the key factors contributing to supervisory effectiveness.

Board Size and Composition relate to the number of members, the balance of the board's composition, and the availability of expertise required to perform supervisory functions. An adequate number of members can expand supervisory capacity; however, an excessively large board may create coordination and communication problems. Research (Wijaya & Cahyonowati, 2014) found that board size has a negative effect on supervisory effectiveness. In contrast, (Al-Najjar, 2012) found that board size and structure are positively associated with supervisory effectiveness.

Access to Information is essential because supervisory effectiveness largely depends on the Board of Commissioners' ability to obtain relevant, accurate, complete, and timely information. Such information enables the Board of Commissioners to evaluate the policies of the Board of Directors, assess financial conditions, identify risks, and detect irregularities. This is supported by (Koładkiewicz, 2014), who identified the board's ability to obtain information as one of the key factors influencing supervisory effectiveness. Boivie et al. (2016) explained that supervision may be hindered by limitations in board members' ability to obtain, process, and share information.

Supporting Committees, such as the Audit Committee and the Risk Monitoring Committee, assist the Board of Commissioners in carrying out supervision in a more focused

and comprehensive manner. These committees enable specific areas to be examined by members possessing expertise appropriate to the supervisory requirements. Research (Koładkiewicz, 2014) identified the establishment of committees within the board structure as one of the factors that facilitates the organization of board activities and enhances the effectiveness of supervisory bodies.

5. Juridical Review of the Role of the Board of Commissioners in Enforcing Good Corporate Governance

A sound corporate management mechanism is an integral part of Good Corporate Governance (GCG). This issue has attracted considerable attention over the past decade. The implementation of a sound corporate governance system has become an alternative strategy for companies to survive amid competition across various business sectors. One of the underlying measures for implementing this system was the issuance of the Decree of the Minister of State-Owned Enterprises Number Kep-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (SOEs). Meanwhile, efforts have also been made to adapt and update legal provisions governing Limited Liability Companies and State-Owned Enterprises, while paying particular attention to economic growth and increasingly competitive global trade.

In this regard, the Board of Commissioners holds a highly important position in ensuring the continuity of corporate activities. When it performs its entrusted duties effectively, it can contribute positively to corporate governance. The research findings indicate that Indonesian laws and regulations have positioned the Board of Commissioners as a corporate organ responsible for supervising and advising the Board of Directors, as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies (the Company Law). This position can be explained through the organ theory proposed by Otto von Gierke, which views a legal entity as an integrated unit that exercises its will and legal activities through the organs it possesses (Komariah, 2002). In a limited liability company, each organ has distinct functions and authorities in accordance with the applicable laws and regulations. Therefore, the Board of Commissioners occupies an important position as the organ responsible for ensuring that the management of the company by the Board of Directors is conducted in accordance with the company's interests and objectives.

In practice, the supervisory authority of the Board of Commissioners does not mean that it takes over the management functions for which the Board of Directors is responsible.

The Board of Commissioners is required to exercise careful supervision, provide advice, and evaluate the policies of the Board of Directors without interfering in the company's operational activities. The division of authority and responsibilities establishes a checks and balances mechanism to prevent the abuse of authority and ensure that corporate management is carried out in a well-directed manner (Rifai, 2009). This is consistent with the G20/OECD Principles of Corporate Governance 2023, which emphasize the Board's responsibility to oversee management performance, ensure the implementation of risk management, monitor compliance with laws and regulations, and prevent conflicts of interest. This demonstrates that the supervisory function of the Board of Commissioners under the Company Law is consistent with international corporate governance standards, which position supervision as an instrument for ensuring that corporate management is conducted responsibly and in the interests of the company.

The supervisory function of the Board of Commissioners contributes to the implementation of the principles of Good Corporate Governance, namely transparency, accountability, responsibility, independence, and fairness. Supervision of information disclosure, evaluation of the Board of Directors' performance, monitoring compliance with laws and regulations, maintaining objectivity in carrying out supervisory duties, and overseeing potential conflicts of interest and unfair treatment all support the implementation of GCG principles. Accordingly, the Board of Commissioners plays a role in ensuring that GCG implementation does not stop at formal regulatory compliance but is also reflected in the company's decision-making and management processes.

In addition to the authority granted under the Company Law, the effectiveness of supervision is also supported by the existence of committees under the Board of Commissioners, namely the Audit Committee and the Nomination and Remuneration Committee. The Audit Committee assists the Board of Commissioners in reviewing financial information, audit implementation, and the effectiveness of internal controls. Meanwhile, the Nomination and Remuneration Committee assists in carrying out functions related to the nomination process and the determination of remuneration for corporate organs. The existence of these committees strengthens the capacity of the Board of Commissioners to obtain information and conduct more objective assessments, thereby enabling the supervisory function to be performed effectively (Kusumawati & Hermawan, 2023).

The effectiveness of the Board of Commissioners' supervision is determined not only by the existence of laws and regulations but also by institutional implementation and the behavior of the parties involved in corporate governance. Based on the findings from the literature, this condition can be analyzed using legal system theory, which examines the operation of law through three elements: legal structure, legal substance, and legal culture (Friedman, 1975).

The legal structure relates to the institutions and organizational mechanisms responsible for carrying out supervisory functions. In this context, the effectiveness of the Board of Commissioners is influenced by the composition of its members, independence, competence, time availability, and the effectiveness of supporting committees. A supervisory structure that is not supported by competent and independent members may result in the supervisory function being performed suboptimally. Furthermore, institutional relationships that are excessively influenced by the Board of Directors or controlling shareholders may undermine the objectivity of the Board of Commissioners (OECD, 2023).

The legal substance relates to the quality of legal norms and provisions governing the authority and responsibilities of the Board of Commissioners. The Company Law and various Financial Services Authority (OJK) regulations have established a legal basis for the duties, obligations, and supervisory mechanisms of the Board of Commissioners. However, the existence of these regulations must be supported by consistent implementation, clear accountability mechanisms, and adequate information available to the Board of Commissioners in exercising its authority. Limited access to information, untimely reporting, and inadequate follow-up on supervisory findings may reduce the effectiveness of the implementation of these legal provisions.

The legal culture relates to the attitudes, awareness, and behavior of the parties involved in implementing legal provisions. Within a company, legal culture is reflected in the integrity of the Board of Directors and the Board of Commissioners, transparency in disclosing information, compliance with regulations, and the willingness to express differing opinions when policies that may harm the company are identified. If the corporate culture prioritizes personal or group interests over the interests of the company, the supervisory function of the Board of Commissioners will be difficult to perform effectively. Based on these three elements, it can be understood that the effectiveness of the Board of Commissioners' supervision cannot be assessed solely on the basis of the completeness of

the organizational structure and the existence of laws and regulations. Such effectiveness also requires the support of independent institutions, applicable regulatory substance, and a corporate culture that upholds integrity and legal compliance.

6. Implications for the Enforcement of Good Corporate Governance in Indonesia

The findings of this study have implications for the development of corporate governance in Indonesia, particularly regarding the importance of strengthening the supervisory function of the Board of Commissioners. From a legal perspective, the Company Law has established a division of functions between the Board of Directors and the Board of Commissioners, while OJK regulations provide more specific provisions for issuers and publicly listed companies. This framework demonstrates that GCG implementation has been supported by a normative legal foundation governing the structure, functions, and responsibilities of corporate organs.

However, these normative provisions must be followed by the implementation of supervisory mechanisms capable of ensuring that GCG principles are genuinely applied in corporate activities. This implication indicates that strengthening corporate governance cannot be achieved solely through the establishment of regulations and compliance with organizational structural requirements; it also requires changes in supervisory practices. The Board of Commissioners must be positioned as an organ that actively evaluates the policies of the Board of Directors, assesses corporate risks, monitors legal compliance, and ensures accountability for every management action (Setiawan et al., 2020).

From an institutional perspective, the findings of this study also demonstrate the importance of a balanced working relationship between the Board of Directors and the Board of Commissioners. Such a relationship should not be based on the dominance of either organ but rather on a division of functions that complement one another. The Board of Directors must be given sufficient room to manage the company, while the Board of Commissioners must have adequate independence and access to information to perform its supervisory function. This balance is one of the conditions necessary for the checks and balances mechanism to function effectively.

Meanwhile, for regulators and companies, strengthening GCG should be directed toward improving the quality of corporate governance implementation, including evaluating the effectiveness of Independent Commissioners, supporting committees, reporting systems, and mechanisms for handling conflicts of interest. Accordingly, GCG implementation can

develop beyond mere compliance with regulatory obligations and become an integral part of a corporate culture and management system oriented toward long-term interests.

CONCLUSION

Based on the research findings, it can be concluded that the Board of Commissioners holds a strategic position and authority in enforcing Good Corporate Governance (GCG), as regulated under Law Number 40 of 2007 concerning Limited Liability Companies, the Law on State-Owned Enterprises, OJK Regulation Number 33 of 2014, OJK Regulation Number 55 of 2015, and OJK Regulation Number 17 of 2023. This position establishes the Board of Commissioners as a corporate organ responsible for supervising corporate policies and management activities, as well as providing advice to the Board of Directors through a checks and balances mechanism. Its authority includes supervision, the provision of advice, the temporary dismissal of members of the Board of Directors, the granting of approval or assistance in relation to certain legal actions, and the establishment of supporting committees. In enforcing GCG, the Board of Commissioners plays a role in ensuring the implementation of the principles of transparency, accountability, responsibility, independence, and fairness. However, the effectiveness of these functions is determined not only by the strength of the legal foundation but also by independence, competence, member composition, access to information, and the optimization of supporting committees. Based on legal system theory, the success of supervision also depends on the integration of legal structure, legal substance, and corporate legal culture. Therefore, GCG enforcement requires the Board of Commissioners to perform its supervisory function professionally, objectively, independently, and responsibly to ensure that corporate management complies with legal provisions and serves the interests of the company and its stakeholders.

This study makes both theoretical and practical contributions to the development of corporate law studies, particularly concerning the role of the Board of Commissioners in enforcing Good Corporate Governance. Theoretically, this study strengthens the understanding of the position and authority of the Board of Commissioners through organ theory and explains the effectiveness of its supervisory function based on legal system theory, which encompasses legal structure, legal substance, and legal culture. This study also provides an understanding of the relationship between the normative authority of the Board of Commissioners and the implementation of the five GCG principles in corporate

management. Practically, this study can serve as a basis for evaluation by companies, the Board of Commissioners, the Board of Directors, and stakeholders in optimizing supervisory mechanisms, strengthening independence, improving members' competence, and ensuring that GCG implementation does not merely fulfill regulatory obligations but genuinely becomes part of the corporate governance culture.

Further research is recommended to develop studies on the role of the Board of Commissioners in enforcing Good Corporate Governance through empirical research involving publicly listed companies and State-Owned Enterprises (SOEs), in order to gain a deeper understanding of the gap between legal regulations and the implementation of supervisory functions in corporate practice. Subsequent research may also focus on the effectiveness of Independent Commissioners, the division of authority between the Board of Commissioners and the Board of Directors, the implementation of the Audit Committee's functions, and the legal liability of members of the Board of Commissioners in cases involving negligence in supervision. In addition, comparative studies of corporate governance regulations and practices in Indonesia and other countries are needed to identify more effective supervisory models. Accordingly, future research is expected to produce more concrete legal and institutional recommendations for strengthening the independence, accountability, and effectiveness of the Board of Commissioners in order to achieve sustainable GCG implementation.

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