

**The Implementation of Good Corporate Governance (GCG) to Improve Service Quality:****The Case of State-Owned Electricity Company in Indonesia**Hasan Basri<sup>a</sup>      Almira Keumala Ulfah<sup>b</sup>      M. Shabri Abd. Majid<sup>c</sup><sup>a</sup> Corresponding Author, Syiah Kuala University, Banda Aceh, Indonesia,

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Good Corporate Governance, Service quality, Mixed-method, Multiple regression, State-owned electricity company.

**Jel Classification**

M48, M49, M10.

**Abstract**

This study analyses and empirically explores the effects of the implementation of Good Corporate Governance (GCG) on the service quality of the state-owned electricity company, PT. PLN of Aceh Regional Office, Indonesia. This study also attempts to evaluate factors supporting and inhibiting the implementation of GCG to improve the quality of service of the company. To collect the data, questionnaires were distributed to all 167 employees of the company, as the study using the census technique. This study uses a mixed method, comprising qualitative and quantitative approaches. The data was analysed descriptively and quantitatively by using the multiple regression model. The study found that the company has well-implemented principles of GCG in providing services to their customers. This study also documented that, with the exception of the GCG's principle of independency, the implementation of all other principles of GCG, i.e., transparency, accountability, responsibility and fairness were found to positively and significantly affect the service quality of the state-owned electricity company in Indonesia. These findings implied that to continue providing a good service quality for the customers, the company should further enhance the implementation of the principles of GCG in all aspects of company's activities.

## INTRODUCTION

PT. PLN (*Perseroan Terbatas Perusahaan Listrik Negara*) is the only state-owned company that supplies electricity services in Indonesia. As the only state-owned electricity company in Indonesia, PT. PLN has a vision to be a recognized world-class company that is flourishing, with superior and reliable human potentials. To materialize its vision, the company has set up 4 missions, namely: (1) Running the electricity business and other related fields, oriented to the customer satisfaction, corporate members and stockholders; (2) Making electricity as a medium to improve the quality of people's lives; (3) Keeping electrical power into the driving economic activity; and (4) Running environmentally sound business activities. PT. PLN has motto "electricity for a better life" (PT. PLN, 2011).

Hitherto, the company has not fully been able to provide the best services for its customers, as expected. This could be seen from complaints forwarded by customers related to sudden termination (Medan Business, 2013) and revocation of electricity supply (Sinar Harapan, 2014) by the company without a prior notice. As a result, "the occurrence of blackouts in two to three times a week for 4-5 hours, it has been very burdensome and detrimental to the consumers, especially when coupled with a bloated bill, but frequent power outages" (Aceh News, 2014).

Ideally, the purpose of state-owned company is basically to satisfy the public customers. Every public service should have a standard of service, as a guarantee of certainty for service provided. Thus, to provide customer satisfaction with the excellent services quality, Lijan (2006) suggested the following principles, so-called GCG principles, namely: (a) Transparency – services that are open, easy and accessible to all those in need; (b) Accountability – services can be accounted for in accordance with the provisions of the legislation; (c) Conditional – services in accordance with the conditions and the ability of the provider to be served to customers by sticking to the principles of efficiency and effectiveness; (d) Participatory – services that encourages community participation in public service delivery; (e) Equal Rights – no practices of discrimination of customers based on their particular tribe, race, religion, class, social status, and others; and (f) Balance of Rights and Obligations – services should take into consideration the aspect of justice between providers and the public customers.

To improve the quality of service to the community, starting from September 15, 2003, the Board of Commissioner and Board of Directors of PT. PLN have applied the principles

of GCG in carrying out its activities in accordance with the Decision of the State Minister for State-Owned Company, No. 63, Kep-117/M-MBU/2002, dated August 1, 2002 (Code of GCG, P.T. PLN, 2003). The implementation of GCG focuses on the goals and outcomes of the organization to the community and service users (OPM and CIPFA, 2004) and improve the service quality (Ljubojevic and Gordana, 2011; Dwi et al., 2013). Its implementation is also extremely important for company itself to have better governance (Surya and Ivan, 2006), efficient and professional management (Riswandi, 2006), and enhance company's value (Surya and Ivan, 2006). In other words, the application of the principles of GCG is an important step for the company to improve and maximize the value of the company, encourage professional, transparent and efficient company management by enhancing the principles of openness, accountability, trustworthy, responsibility and fairness. So that it could better fulfil its obligations to shareholders, board of directors, business partners, stakeholders and other interested parties (Amri, 2013), and in turns provided greater contribution to the economic development (Khondaker, 2010).

Furthermore, Mardiasmo et al. (2008) and Munhurrun et al. (2010) investigated the implementation of GCG by the Indonesian provincial government agencies and found that the GCG has contributed the better service quality. In their studies, Ruliaty (2011) and Mukhtar and Noor (2011) found that good governance is a model or paradigm of governance system that emphasizes quality public services, where the bureaucracy is required not only to act as administrator, communicator (catalytic), but also as a public service that is able to create a service-oriented customer satisfaction that is capable of providing satisfactory public services for the community.

From the above-reviewed studies, none of them has investigated the implementation of the GCG at the state-owned electricity company in Indonesia, considering the important role to provide electricity with a better service. After 12-year implementation of the GCG, has the company enabled to improve quality of the service? To what extent has the public been satisfied with the quality of the services provided? Were there many public complaints about the services provided by the company forwarded by the customers due to the failure of the company to serve public, as promised? To which extent has the company been able to realise its vision and mission? Thus, it is timely for this study to provide the answers for all these questions. Particularly, the study evaluates and empirically explores the effects of the implementation of GCG principles on the public

service quality provided by PT. PLN of Aceh Regional Office, Indonesia. It also attempts to evaluate factors supporting and inhibiting the implementation of GCG in improving the service quality by the company.

The rest of this study is organized as follows: Chapter 2 provides a selected literature review on the implementation of the GCG in improving the quality service; Chapter 3 explains the data and highlights the empirical framework on which the data would be analysed; and Chapter 4 provides the results and their discussions. Finally, Chapter 5 concludes the paper.

## **SERVICE QUALITY AND GOOD GOVERNANCE IN PUBLIC SECTOR**

### **Service Quality**

Industrial services play an increasingly important role in the global economy. In the global competitive environment era, providing service quality has been regarded as an extremely important, which is a strategy for success and survival as a company (Parasuraman et al., 1985; Reichheld and Sasser, 1990; Zeithaml et al., 1990). Under an increasing pressure, public sector organizations should also be able to provide quality service and improve efficiency (Randall and Senior, 1994; Robinson, 2003).

Public service is a series of activities undertaken by the public bureaucracy to meet the needs of the citizens (Dwiyanto 2005) in accordance with the civil rights as citizens and residents on the goods, services, and administrative services provided by the public service, namely government agencies (Decree of Ministry for Administrative and Bureaucratic Reform, No. 63 of 2003). Lewis (1993) and Zeithaml and Bitner (1996) defined the quality of the service as a focus of how to meet the needs and requirements, and how well services are delivered in accordance with customer expectations. The quality of customer service measures the overall excellence of products or services offered. It is a measure of how well the service delivered meets the customer expectations of products and services provided. Quality of service is determined by the differences between customer expectations of service and their evaluation of the services they received (Bolton and Drew, 1991; Cronin and Taylor, 1992). Thus, a quality service-oriented customer is highly dependent on their satisfaction (Harbani, 2007). In short, the main objective of public service is basically to satisfy the public.

There have been several reasons for having the quality of service in the public sector. Firstly, the users of services of the public sector directly or indirectly have spent money on services received or needed, so it is natural for them to demand the best service

quality. Secondly, the state apparatus as a public servant has received salary for their duties to provide services, thus it is the task of government to find ways to provide customer satisfaction (Herawati, 2001).

### **Good Governance**

According to Coopers (2000, P. 37), corporate governance is "...related to effective decision making. Built through the organization's culture, values, system processes, policies and organizational structure, which aims to achieve a profitable business, efficient, and effective in managing the risk and is responsible to watch the interests of stakeholders". GCG is basically a matter of "who" is supposed to control the activities of the corporation and "why" it should be controlled over the activities of the corporation. What is meant by "who" here are the shareholders of various parties interested in the company, including shareholders, management, board of directors and stakeholders (employees, suppliers, customers, banks and other creditors, regulators, and community). The implementation of GCG would maximize shareholder wealth, and it might enable weak managers to pursue their own goals (Zandstra, 2002; Kaen, 2003).

GCG encourages the creation of a market that is efficient, transparent and consistent with legislation. Therefore, the application of GCG needs to be supported by three interrelated pillars, namely the state and its apparatus as regulators, the business community as market participants, and the public as users of the products and services. The basic principles that must be implemented by each of the pillars are: (i) the State and its apparatus creating legislation that support a healthy business climate, efficient and transparent, consistent implementation of legislation and enforcement; (ii) The businesses as market makers to apply GCG as a basic guideline implementation effort; and (iii) The public as the users of products and services as well as other related parties who care and socially control the objective and who are responsible for the organization (Komite Nasional Kebijakan Governance (KNKG)/Committee for the National Governance Policy, 2006).

By implementing the GCG, three benefits would be gained by an organization, namely: (1) Improving the performance of the company through supervision or monitoring the performance of management and the accountability of management to other stakeholders, based on the framework of rules and regulations; (2) providing a frame of reference that allows effective supervision so as to create a mechanism of checks and balances in the company; and (3) Reducing the agency cost, which is a cost to be borne

by the shareholder as a result of the delegation of authority to the management (Daniri, 2005).

Similarly, the implementation of principles of GCG is an important step for the state-owned companies, such as PT. PLN in Indonesia to improve and maximize the value of the firm, drives the company to be professional, transparent and efficient by increasing the principles of openness, accountability, trustworthy, responsibility and fairness. So that it can better fulfil its obligations to shareholders, board of directors, business partners, stakeholders and other interested parties (Amri, 2013).

Generally, there are two different models of GCG. The first model is the shareholder value of Anglo-Saxon model in which the company's main goal is to maximize shareholder value. The second model is the stakeholder model in which the company's main objective is to satisfy the various interested groups - including employees, customers, shareholders, government agencies and the public (Albert, 1993: Watson, 2005). In conclusion, the implementation of the GCG has enhanced the service quality of the organisation, both private and public.

## **RESEARCH METHODS**

In accordance with the purpose of the study, the study uses combination of qualitative and quantitative approaches (mixed method). According to Brannen (2005), the uses of qualitative and quantitative approach would avoid each approach from weaknesses. The qualitative approach is adopted to provide the answer for the degree of GCG implementation by referring to the mean score of each variable, while the quantitative approach based on the multiple regression analysis is utilised to measure the effects of GCG implementation on the service quality of the state-owned electricity company in Indonesia.

This study investigated all 167 staff of the state-owned electricity company, PT. PLN at the Aceh regional office in Indonesia, as the study used the census technique in gathering the data. The data used in this study were: (1) primary data, in the form of observations and interviews, as well as data obtained from respondents through questionnaires, and (2) secondary data, in the form of company report and documentation.

The variables investigated in the study include the service quality as the dependent variable, while the dimensions of GCG (transparency, accountability, responsibility, independency, and fairness) were treated as the independent variables.

## **Operationalized Variables**

### ***Quality of Service***

In this study, the service quality was measured by ten principles of public service stipulated in the decision of the Ministry for Administrative and Bureaucratise Reform of Indonesia, No. 63/KEP/M.PAN/ 7/2003 on General Guidelines for the Implementation of Public Service. These principles include: simplicity, clarity, certainty of time, accuracy, security, responsibility, completeness, easiness of access, discipline, courtesy and hospitality; and convenience.

### ***Principles of GCG***

To measure the GCG, the study referred to adopts five principles of GCG based on the Komite Nasional Kebijakan Governance –KNKG or Committee for National Governance Policy (2006). The first principle is transparency, which is measured by three indicators, namely: (1) Providing information timely, adequately, clearly, completely, accurately and comparably and easily to access; (2) The principle of openness; and (3) written policy that is proportionally communicated to stakeholders. The second principle of GCG is accountability, which is measured by four indicators, namely: (1) Establishing the details of the tasks and responsibilities of each employee, (2) an effective internal control system; (3) The existence of a performance measurement based on reward and punishment system; and (4) Business ethics and code of conduct that has been agreed upon.

Next, the third principle of the GCG is the responsibility, which is measured by: (1) compliance with laws and regulations, statutes and regulations of the company, and (2) company's social responsibility. The fourth principle of GCG is independency, which is measured by: (1) Not affected by specific interests, and (2) free from conflicts of interest. Finally, the last principle of the GCG is fairness, which is measured by three indicators, namely: (1) The opportunity to provide input and opinions in the interests of the company; (2) fair and equitable treatment; and (3) Equal opportunity in recruitment, career and perform their duties in a professional manner.

### **Multiple Regression Model**

As mentioned earlier, to evaluate the degree of implementation of the GCG in the state-owned electricity company, the mean score of each variable would be calculated and used as the basis for its evaluation. Meanwhile the standardized multiple regression is used to

empirically explore effects of the implementation of GCG's principles on the company's service quality, as follows:

$$\text{Servqual} = b_1\text{Transp} + b_2\text{Account} + b_3\text{Resp} + b_4\text{Indep} + b_5\text{Fair} + \varepsilon \dots \dots \dots (1)$$

where *Servqual* is the service quality, *Transp* is the transparency, *Account* is the accountability, *Resp* is the responsibility; *Indep* is the independency, *Fair* is the fairness,  $b_i$  is the estimated regression coefficients, and  $\varepsilon$  is the error term. However, before the data were analysed, the study firstly conducted the validity and reliability tests to ensure the accuracy of the instruments in measuring the variable and the consistencies of the responses by respondents. Then, the classical assumption tests comprising the normality, multicollinearity, autocorrelation and heteroscedasticity was conducted to ensure the normal distribution of the variables, inexistence of correlation between the independent variables, correlation of the residual with the estimated variables and similarity of variance among variables. These tests were extremely important as to provide the robust estimation in the regression model.

## RESULTS AND DISCUSSION

### Background of Respondents

167 questionnaires were disseminated to all employees of the PT. PLN of Aceh Regional Office in Indonesia. All questionnaires were completely filled out and returned back by respondents within 11 days. Of the respondents, 59.13% was female, while 40.87% was male. In term of ages, their ages ranges from 21-30 years old (6.09%), 31-40 years old (26.09%), 41-50 years old (55.65%), and above 50 years old (12.17%). The respondents with high school (8.70%), diploma (27.83%), bachelor (50.43%), and graduate school (13.04%). In term of number of working years, respondents with working years of less than 3 years (1.74%), 3-6 years (7.83%), 7-10 years (20%), 11-14 years (28.7%), and more than 14 (41.74%).

Before the data was further analysed, the study conducted the validity and reliability tests as well as the tests for classical assumption of normality, multicollinearity, autocorrelation and heteroscedasticity by using the standardized tests. Due a space limitation, these results of these tests would not be reported here. All the instruments were found to be valid and reliable. Additionally, all the variables meet the classical assumptions that are normally distributed, free from problems of multicollinearity, autocorrelation and heteroscedasticity. Thus all the variables could be used for further analysis.



### **Perception of the Respondents on Service Quality**

In this study, the quality of service was measured by 10-statement. Each statement is given an alternative choice answers ranging from strongly disagree (with a score of 1) to strongly agree (with a score of 5). The mean score of 3.82 was found, indicating that the respondents perceived that the quality of services provided by company has been good. This is consistent with the company's effort to provide a quality service to satisfy its customers. This has been very much in line with several attempts made by the company in improving the quality of service.

In order to realize the aspiration to become a world-class company, the company has provided contact centre PLN 123 in all regions of Indonesia. The contact centre has improved the integrity of the quality of public servants by serving customers whole heartedly. This contact centre could be accessed by anyone, anywhere and anytime. The contact centre services are supported by centralized service applications, namely Centres for Customer Complaints, Revenue Management and Control Flow, and Customer Services. The centre provided easy access without limits to customers. By accessing the centre via telephone and webiste, customers could easily request for a new connection, extra power, and complaint for electrical power supply interruption without the need to visit the company's office

Additionally, the company also has the back service call centre. This centre is a means of communication to get information about the integrity of the public service and customer satisfaction provided by the company. Having this centre, the company would get back all customer's request as to serve customers with the best possibility, would be a reminder to areas of existing services of electricity in the region of Aceh, and would reduce the use of the services of middleman for enjoying company's services, especially for grafting the new electricity connection, additional power, or a temporary connection. Recently, the company has provided easy access without limits to customers by introducing prepaid electricity. This was the latest service that enables customers to manage power consumption through prepaid electronic meter based on their requirements. Prepaid electricity services possess several advantages: (i) the customers do not have to worry about meter recording errors; (ii) they are not bothered to accept the registrar meter every month; (iii) there is no disturbance of customer privacy; (iv) the customers could fully control the use of electricity; (v) subscribers no need to worry about the occurrence of termination.

Furthermore, to evaluate the performance of services provided to its customers, the company conducted customer satisfaction survey. The Results of the customer satisfaction survey would be used as references by the management of company to weigh the expectations and perceptions of customers with the services provided, to increase the level of customer's satisfaction, and to formulate appropriate strategy in order to enhance service quality. In addition, the company also conducted Survey Mystery Guest, aiming at providing continuing improvements in every service provided to its customers. From this survey, the company would obtain information on: (i) whether procedure for new installations, addition of power, migration and technical services for consumers or potential consumers have been in accordance with the established standard procedures and the cost set by the company; (ii) whether the management of the new installation, the addition of power, migration and engineering services are directly assigned to customer service unit or through brokers; (iii) whether parts of units of service customers and prospects through the contact centre services PT. PLN 123; and (iv) what is the perception of the customer on the quality of service provided (Survey Mystery Guest and Customer Perception in PT. PLN of Aceh, 2014).

### **Perception of the Respondents on the Implementation of GCG**

Perception of the respondents on the five dimensions of the implementation of GCG, comprising transparency, accountability, responsibility, independency, and fairness by the state-owned electricity company in Indonesia were reported.

#### ***Transparency***

In this study, the transparency was measured by six-statement. Total mean score of 3.78 was documented, showing that the respondents perceived the company has been transparent in its operation. Moving towards a more transparent company, PT. PLN of Aceh regional office has introduced the program of "PLN Net". PLN Net is one of the programs to provide all online information, reports, news, announcements, and soon to the customers. Furthermore, in March 2012, the company has formed a partnership with Transparency International of Indonesia (TII) as one of the independent agencies engaging in the transparency and corruption prevention. PLN Net program is a policy that involved not only the company internally but also all stakeholders, particularly partner with its primary targets for the creation of clean, transparent and accountable business process.

### ***Accountability***

Five indicators were used to measure accountability of the company. The study found that total mean score of 3.79, indicating that company has been well-implemented the accountability in its operation. To implement the principle of accountability, the company has published a code of conduct related to working environment. The code of conduct is a guide for leadership interaction between human and corporate attitudes towards external parties. PT. PLN has issued a code of conduct in October 2005, as the code of ethics and behavioural guidelines adopted by all levels of the company with the expectation to build a company culture of GCG.

### ***Responsibility***

In this study, accountability was measured by 4 statements. The total mean score of 3.82 was accumulated, indicating the implementation of the principles of accountability by the company was good. In implementing the principle of accountability, several programs forms of corporate social responsibility, namely; (i) customer protection program; (ii) partnership program; (iii) community development program; and (iv) environmental related-program. Through these programs, the company has committed to make electricity as a medium to improve the quality of life of people seeking electricity power to be a driving force of economic activity and execute environmentally sound business activities. The company has also harmonized the development of three aspects in the provision of electricity, namely economic, social and environmental.

### ***Independency***

Independency was measured by 4-indicator in this study. The total mean score of 4.32 was found for the independency variable, implying that the implementation of the GCG's principle of independence by the company was excellent. The company has successfully implemented principle of independence of the working environment, where the company has been professionally managed without any conflict of interest and influence or pressure from other parties. This has been done by building good relationships with business partners, well-maintenance of company's infrastructures, preserving the working environment by applying the Japanese system of 5S (*Seiri* – precise, *Seiton* – neatness, *Seiso* – rehearsal, *Seiketsu* – maintenance, and *Shitsuke* - diligent), which is the method of structuring and maintenance of intensive work areas, and keeping company information confidential. Having this program being implemented, this leads to enhance the customers' confidence in the performance of the company.

### ***Fairness***

The last principle of GCG investigated in this study is the fairness that is measured by 5 indicators. The total mean score of 3.78 was found, implying that the employees perceived that the principle of fairness has been well-implemented by the company. The company has implemented the principle of fairness in its operation by equally fulfilling the rights of stakeholders in accordance with the legislation in force. The company has fully paid attention to the interests of stakeholders based on the principles of fairness and equality. The company also has provided the opportunity for employees to provide feedbacks and opinions in the interests of the company as well as open access to information in accordance with the principle of transparency within the scope of employees' respective positions. To further enhance the fairness in its operation, the company has designed company's policy, namely: (i) to be fair, accurate, timely, transparent, and comply with existing laws and regulations; (ii) mutual foster good relationships among employees, to avoid discriminatory practices; (iii) to provide security and safety to employees based on the program of KNIFE (Knowledge, Norm Discussion Forums, Innovation Contest, Festival and Exhibition). This is an annual agenda in conjunction with the national electricity anniversary that provides awards for its innovative employees.

### **Role of the GCG Implementation on Service Quality**

After evaluating the implementation of GCG, the study presents the empirical evidence on the role of its GCG's implementation on improving the service quality of the company using the multiple regression model. However, before the findings from regression analysis, the correlation coefficients between variables would be presented first.

Table 1 reported the correlation coefficients between the variables, showing that all variables were significantly and positively correlated between one another. The highest correlated coefficient was between accountability and service quality, while the lowest one was between independency and service quality. These findings provide the indication that all dimensions of GCG might positively contributed to the improvement of service quality. To ensure its effects, the multiple regression analysis was further conducted.

**Table 1. Correlation Coefficients**

Variable	Transparency	Accountability	Responsibility	Independence	Fairness	Service Quality
Transparency	1.000	0.661**	0.562**	0.399**	0.379**	0.742**
Accountability		1.000	0.612**	0.359**	0.560**	0.790**
Responsibility			1.000	0.362**	0.448**	0.622**
Independence				1.000	0.443**	0.358**
Fairness					1.000	0.553**
Service Quality						1.000

Note: \*\* indicates significance at the level of 1%.

The following equation provided the findings from multiple regression analysis, showing the effects of the implementation of principles of GCG on the service quality of the company.

$$\text{Servqual} = 0.348\text{Transp}^{***} + 0.404\text{Account}^{***} + 0.124\text{Resp}^* + 0.009\text{Indep} + 0.146\text{Fairn}^{**}$$

$$(0.094) \quad (0.139) \quad (0.138) \quad (0.193) \quad (0.133)$$

$$R = 0.852; \quad R^2 = 0.726; \quad R^2\text{-adj} = 0.714; \quad F = 57.800 \quad (\text{Sig} = 0.000)$$

Note: Figures in brackets are the standard error, and \*\*\*, \*\*, and \* indicate the level of significances at the levels of 1%, 5%, and 10%, respectively.

From the above standardized multiple regression estimation, with the exception of the implementation of GCG's principle of independency, all other GCC's principles were found to positively and significantly affected the service quality. This finding indicates that the GCG has played important roles in enhancing the service quality provided by the company to its public customers. Specifically, the transparency regression coefficient of 0.348, indicating that an increase in transparency level by 100%, it would contribute to enhancement of the quality of service by 34.8% on a Likert scale. Meanwhile, there is an improvement in accountability by 100%; it would improve the quality of service by

40.4% on a Likert scale. Similarly, when there was an increase in responsibility by 100%, the service quality would also be increased by 12.4% on a Likert scale. Finally, the estimated regression coefficient of fairness is 0.146, showing that when the fairness increased by 100%, it would promote the service quality of the company by 14.6% on a Likert scale. Overall, the accountability variable was found to be the most dominant principle of GCG in improving the service quality of the company.

Referring to the  $R^2$ -adj of 0.714, the study documented that the changes in service quality could be explained by 71.4% changes in implementation of principles of GCG (i.e., transparency, accountability, responsibility, independence and fairness). Only 27.4% of changes in service quality of the company might be influenced by other variables that are not investigated in the study. These variables comprising incentives, discipline, working load, stress, and so on.

The above empirical evidences on positive contribution of the GCG on the company's service quality were very much in harmony with the findings by Kurniati (2008), Khondaker (2010), Ljubojevic and Gordana (2011), and Dwi et al. (2013) who documented that the implementation of GCG has improved the service quality of the organization. Similarly, our findings also supported earlier findings by Qurratulain (2011) where the transparency, accountability, responsibly and fairness positively and significantly affected the quality of service.

### **Factors Supporting and Inhibiting Implementation of GCG on Service Quality**

In the process of the implementation of GCG in improving the quality of service, there have been factors supporting and inhibiting it. A good cooperation, coordination and mutual supports by employees on the GCG implementation has led the success of its implementation, thus in turn, enhanced the service quality. The establishment of management functions under the GCG Corporate Secretary duties that specifically deal with and monitor the effectiveness of the implementation of GCG was found to be a pivotal factors contributing to success of its implementation. Additionally, the development of information technology that facilitates employees in their works and provides easy access without limits to the customer has been crucial factor supporting the success of GCG implementation by the company.

Overall, the supporting factors for the success of the GCG implementation by the company could be divided into internal and external factors. The internal factors include the cooperation, coordination and mutual support by the employees as well as the

establishment of management functions under the GCG Corporate Secretary duties that specifically deal with and monitor the effectiveness of the implementation of GCG. Employees are required to provide a friendly service, be courteous, and responsive. Meanwhile, the external factors include programs created by the company in the implementation of GCG and to develop information technology that facilitate employees in their works and provide ease of access without limits to customers. One form is to issue a PLN 123 contact centre services, and call back services as one of the applications is the implementation of IT Governance that supports the application of the principles of GCG. This findings were similar to the findings by Dwi et al. (2013), who found that cooperation, coordination among employees and with the development of information technology that facilitate employees in work has supported the success of PT. Telkom in implementing GCG to enhance service quality. One form is to use programs such as Call Service 147, consultation via email, forms services through the website as it has made easier for customers without having to come directly to the office of Telkom to forward their complaints and communicate with the company.

On the other hand, factors inhibiting the process of implementation of GCG in improving quality of service of the company were related to the cost, people, time, and delivery delay. To run programs in order to support the implementation of GCG requires a considerable cost. There were customers who at the time of - (program implementation orientation) of GCG failed to fully understand the program. During the time of the implementation of GCG orientation, it was hard to make a necessary adjustment. The delay in delivery of materials for new connections, the cost of a call centre that is still considered expensive by the customer, less fast job turnaround time due to delays in the delivery of information services provided by call centres, the difficulty for the service call back due to customers' ignorance of not leaving the contact number when they are contacted back, customer surveys was not responded by the original owner's account, and the difficulty of finding the location of the customer in the resolution of the problems complained of by customers due to incomplete address provided.

In conclusion, most of the factor supporting the success of the implementation of GCG contributed by the internal factor due to the awareness and readiness of the employee on the GCG program, while the external factor of customers ignorance was found to be the dominant inhibiting factor contributing to the success of the GCG implementation that become a detrimental for improving service quality for the public. Thus, these

findings implied that educating and socializing the program of GCG implementation by the company to their customers are extremely important for the customers to enjoy higher quality service for the electricity services.

## **CONCLUSION**

This study evaluated, analysed and empirically explored effects of the implementation of Good GCG on the service quality of the state-owned electricity company, PT. PLN of Aceh Regional Office, Indonesia. To collect the data, questionnaires were distributed to all 167 employees of the company, as the study used the census technique. This study uses a mixed method, comprising qualitative and quantitative approaches. The data analysed descriptively and quantitatively using the multiple regression model.

The study found that the company has well-implemented the principles of GCG in providing services to their customers. This study also documented that, with the exception of the GCG's principle of independency, the implementation of all other principles of GCG, i.e., transparency, accountability, responsibility and fairness were found to positively and significantly affect the service quality of the state-owned electricity company in Indonesia. These findings implied that to continue providing a good service quality for the customers, the company should further enhance the implementation of the principles of GCG in all aspects of company's activities.

With regards to factors supporting and inhibiting the success of GCG implementation, the study found that both internal and external factors have contributed to success of its implementation. Internal factors include the cooperation, coordination and mutual support by employees as well as the establishment of GCG functions under the management of the Company Secretary in performing their duty to handle and monitor the effective implementation of GCG. Meanwhile, the external factors include the programs introduced by the company in carrying out the implementation of GCG and to develop information technology that facilitate employees in their works and provide ease of access without limits to customers.

On the other hand, the inhibiting factor in the implementation of GCG in improving the quality of service of the company spans from the delay in delivery of materials for new connections, an expensive cost for a call centre, less rapid turnaround time service jobs due to the late submission of the information provided by the call centre, difficulty to provide the service of call back due to ignorance of the customers of leaving no contacted number, and difficulty in finding the location of the complained customers due to their



ignorance to provide a complete address. Thus, these findings implied that educating and socializing the program of GCG implementation by the company to their customers are extremely important for the customers to enjoy higher quality service for the electricity services.

The findings of the study are based on the methodology outlined above. For a more reliable and robust findings, further studies should also investigate other state-owned companies nationwide. Additionally, further studies should examine other factors that might contribute towards a better service quality both in public and private sectors. Covering broader range of the companies worldwide is also recommended to arrive at a more conclusive finding on the role of GCG in improving the service quality.

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