

Governance, risk, and compliance maturity level: Optimizing XX LLC performance achievement

Lovia Wita Ayurini^{1*}, Nureni Wijayati²

Universitas Indonesia, Indonesia¹⁻²

lov.wita@ui.ac.id¹, nureniwijayati@ui.ac.id²



Article History

Received on 30 May 2024

1st Revision on 29 October 2024

2nd Revision on 22 December 2024

Accepted on 23 December 2024

Abstract

Purpose: This research aims to evaluate the GRC maturity level at XX LLC as an SOE subsidiary engaged in plantation products and provides recommendations to improve GRC implementation.

Method: The research was qualitative with a case study approach. Data collection was carried out using secondary document collection to check the availability of documents to confirm the existence of GRC indicator elements. Supporting evidence that cannot be found on the website will be collected through interviews. The indicator used was from the GRC Forum Indonesia guidelines, which have three aspects.

Results: The results obtained from the average calculation of the three aspects of the GRC excellence model in XX LLC were 94.5% or had a proactive maturity level. However, several aspects still need to be improved to maximize GRC implementation at XX LLC and optimize company performance.

Conclusions: This study shows that a state-owned plantation subsidiary has reached a proactive GRC maturity level (94.5%), but still needs improvements in strategy dissemination, stress testing, innovation, and HR planning to enhance performance.

Limitations: This study is limited to state-owned plantation companies. The number of respondents, sources of theory, and previous research are limited, and access to information is restricted owing to the company policy on confidentiality.

Contribution: Because of the research limitations regarding the GRC maturity level, this study contributes to the literature and serves as an additional reference for further study. For XX LLC, this research can contribute to optimizing the company's performance.

Novelty: This research uses secondary data collection, interviews, and document observation (available or not) as supporting evidence for respondents' answers through interviews, while other research on GRC maturity levels only uses questionnaires.

Keywords: *Compliance, Maturity Level, Governance, GRC, Risk*

How to Cite: Ayurini, L. W., & Wijayati, N. (2025). Governance, risk, and compliance maturity level: Optimizing XX LLC performance achievement. *International Journal of Financial, Accounting, and Management*, 7(1), 15-26.

1. Introduction

The rapidly changing business situation requires companies to anticipate uncertainty by implementing governance, risk management, and compliance practices, or what is usually called GRC, to optimize performance achievements and support a healthy business climate (IRMAPA, 2020). To ensure that GRC is implemented well, an evaluation can be carried out regarding the Maturity Level. The implementation of GRC with a high level of maturity is greatly needed by all organizations (SMEs, nonprofits, and governments) (IRMAPA, 2020). As a company in which most funding sources are obtained from state-owned assets separated from the community (Government Regulation of the

Republic of Indonesia Number 44, 2005), Indonesia's SOE must implement GRC to anticipate business changes. The Ministry of Indonesia's SOE has already issued regulations to emphasize the importance of implementing GRC in the SOE sector (CRMS, 2018), that is, SOE Regulation Number PER-2/MBU/02/2023 concerning Guidelines for Governance and Significant Corporate Activities of SOE, which also regulates the implementation of Risk Management. The Ministry of SOE also issued the Ministry of SOE Regulation Number PER-3/MBU/03/2023b concerning SOE Organs and Human Resources, which are essential assets for companies in achieving their goals (Halisa, 2020).

Implementing GRC is very important because, according to CRMS (2018), GRC allows companies to capture maximum opportunities and determine actions carefully without forgetting compliance. Previous research has found that GRC has a positive impact on companies. Al Habsyi, Suharman, and Handoyo (2021), who examined Indonesia's 2019-2020 TOP GRC Award-winning entities, stated that implementing Governance, Risk and Compliance impacted company performance positively. Research by Kembaren, Endro, and Pendrian (2022) also found that GRC implementation positively affects company value because companies that implement GRC will have a sustainable strategy and focus more on priority company development programs. Handoko, Riantono, and Gani (2020) stated that the effective implementation of GRC can have several positive impacts on companies, such as improving the company's ability to predict and analyze potential risks.

Most research on GRC examines only its impact on value, company performance, and stock returns. Of the 15 studies found, three were based on this research. Research conducted by Zammit, Grima, and Kizilkaya (2021), who examined GRC maturity in the public sector in Malta, found that the level of GRC maturity in the public sector in Malta is already high but requires a special Risk Management framework for the public sector to expand the implementation of GRC further. Borg Caruana (2018) states that implementing an integrated GRC can help Maltese credit institutions face potential threats. Rozie (2023) found that the GRC maturity level at the Corruption Eradication Commission was at the transformed level. The three studies only used questionnaires, and the results may only cover some of the reality of GRC practices in companies. The limitations of Rozie's (2023) research state that there is no supporting evidence for respondents' answers to verify the research results.

From the above statements, the implementation of GRC is crucial for companies, especially state-owned companies. Therefore, this research aims to evaluate the GRC maturity level at XX LLC as a subsidiary of the SOE engaged in plantation products using secondary data collection, interviews, and document observation (whether it is available or not) as supporting evidence for respondents' answers through interviews. As a final result, this research will provide recommendations to improve the implementation of GRC, thereby contributing to optimizing the company's performance achievement. Limited research on GRC maturity levels became an additional motivation for this research so that it could contribute to the literature and serve as an additional reference for further study.

2. Literature review

2.1 Governance, Risk, and Compliance (GRC)

Shahim, Batenburg, and Vermunt (2012) state that Governance, Risk, and Compliance (GRC) is an approach undertaken by organizations in three areas. GRC is a set of concepts that must be implemented continuously to align all company activities, thus functioning more effectively and efficiently and eliminating unnecessary overlaps (Pertiwi & Muslih, 2023). Weak coordination, resulting in inefficient cost management and decreased company performance, occurs if all three are not continuously implemented (Al Habsyi et al. 2021).

Papazafeiropoulou and Spanaki (2016) mentioned that GRC is an idea and concept regarding various activities carried out by companies, from annual audits and establishing business tasks and authorities to continuous internal control processes. The functions of risk management and compliance are in the second line of the three lines of defense to monitor and control risks in the management process of corporate governance in the first line (Wibowo, Achsani, Suroso, & Sasongko, 2022). IRMAPA (2020) states that GRC is an approach to ensure that a company conducts its business ethically and through

risk appetite, internal policies, and external regulations. It is carried out by aligning strategies, processes, technology, and people for more effective and efficient activities. Zammit et al. (2021) state that to achieve moral performance and goals, companies must integrate several scientific disciplines and philosophies into GRC. People responsible for governance, strategy and performance management, risk management, audits, and ethics must realize an effective GRC function.

Several studies have found that GRC is very useful for companies. Al Habsyi et al. (2021), who examined the 2019-2020 TOP GRC Award-winning entities in Indonesia, stated that implementing Governance, Risk and Compliance impacted company performance positively. Kembaren et al. (2022) also found that the implementation of GRC positively affects company value because companies that implement GRC will have a sustainable strategy and focus more attention on priority company development programs. Handoko et al. (2020) stated the effective implementation of GRC can have several positive impacts on companies, such as improving the company's ability to predict and analyze potential risks. Putri and Lindrianasari (2023) found that the implementation of GRC positively affected Value Creation. GRC provides solutions for companies to implement clear and unambiguous processes and eliminate duplicate activities so that companies have one point of focus (Gunawan, 2021). Hermawan and Novita (2021) stated that governance and risk management can significantly influence efforts to minimize the potential for fraud at Rural Banks. Marmen (2022) in risk management significantly influences a company's social and nonfinancial performance. GRC comprises three pillars that work together comprehensively to align policies based on shared perspectives to create an organization that is managed appropriately (Setyawan & Iradianty, 2021).

2.2 Governance

According to Mitchell (n.d.), governance is an external effort to provide direction, control, and evaluate companies, processes, and resources. The Organization for Economic Cooperation and Development (OECD) argues that governance is an internal control mechanism of a company involving relationships among stakeholders, such as management, boards, and shareholders (Azhar, 2021). The best practice is called Good Corporate Governance (GCG), which, according to Kelvianto (2018), is one of the crucial pillars of the economy and strongly correlates with stakeholders' trust, thus ensuring healthy business competition and supporting the stability of the country's economy. According to Lubis (2020), good corporate governance plays a role in minimizing the risk of distrust, and open governance policies can increase the sense of security for stakeholders and shareholders. The general guidelines of Corporate Governance in Indonesia by KNKG (2022) state four pillars of corporate governance:

1. Ethical behavior: Companies must prioritize honesty, respect others, adhere to commitments, and consistently maintain moral values.
2. Accountability: Companies must be accountable for their transparency and fair performance.
3. Transparency: The company must be able to provide relevant, material information that is easily accessible and easy for all stakeholders to understand to maintain objectivity in running a business,
4. Sustainability: Companies must be responsible for the society and the environment for sustainable development.

2.3 Risk

Risks do not always result in adverse outcomes; therefore, they must be identified, analyzed, and evaluated to determine the best response to risk and avoid creating new risks (IRMAPA, 2020). Lam (2017) stated that risks can hinder a company's goals; therefore, risk management was developed to limit these risks, and risk models were created to estimate potential losses, both expected and unexpected, in worst-case scenarios. Vorst, Priyarsono, and Budiman (2018) defined risk management as the coordinated activity of controlling organizational risks, starting from the systematic implementation of management policies, communication procedures, consultation, context establishment, identification, analysis, evaluation, response, monitoring, and review of risks. According to Ahmeti and Vladi (2017), the steps in the risk-management process are the approaches taken to identify, assess, and respond to existing risks. Risk management is widely recognized to contribute significantly to the operation of private and governmental companies in effectively enhancing and

maintaining the company's value, as reflected in the company's decision-making processes (Priyarsono et al., 2023).

2.4 Compliance

Companies must be able to provide evidence of their compliance with applicable requirements, regulations, and laws (IRMAPA 2020). According to *The Open Compliance and Ethics Group* or Mitchell (2019) in IRMAPA (2020), compliance is the demonstration of meeting requirements, laws, and regulations currently in effect by a company to ensure that the system operates effectively. According to Hermawan and Novita (2021), compliance is the implementation of statutory regulations, effective and efficient governance as the primary key to a company's success, and the policies and procedures created by the company. Compliance is a preventive action to keep the company running according to the applicable regulatory corridors in making policies, provisions, systems, and procedures, and carrying out business activities (Marmen, 2022). According to Maulana and Iradianty (2022), compliance is a company's obligation to follow the legal standards and specifications issued by a competent institution in a field, such as the Ministry of SOE in Indonesia.

2.5 Maturity Level of GRC

Research by Batenburg, Neppelenbroek, and Shahim (2014) on the GRC maturity model for hospitals in the Netherlands states that each hospital must determine which GRC maturity model approach is most suitable for each dimension. As an acceleration step for GRC implementation maturity in Indonesia, the GRC Forum Indonesia, together with the Otoritas Jasa Keuangan, formed a guideline to achieve the model of GRC excellence suitable for organizations in Indonesia in 2020 concerning the excellence model created by Mitchell (2019), consisting of four elements:

1. Learning is where companies must be able to learn continuously and directly to support their ability to adapt to input from review results.
2. Adaptiveness is the company's ability to adapt appropriately to changes in the external and internal environments.
3. Innovativeness is a company's ability to find efficient and effective solutions to its challenges and the goals it wants to achieve in supporting adaptability.
4. Continuity requires continuous and consistent review and correction continuously and consistently to improve the process and results.

The excellence model consists of 4 interconnected elements and can be considered ideal condition by looking at the excellence components comprising processes viewed from Processes and Capabilities, people viewed from aspects of Human Resources and Competencies, and tools viewed from Methodology and Information Systems (IRMAPA, 2020)

Each of these excellent components has assessment criteria. The extent to which GRC is implemented in the company is assessed using the maturity level of these three aspects based on documentary evidence and measurements. Five maturity levels of assessment were used in the GRC Excellence Model by IRMAPA (2020), as described in Table 1.

Table 1. Maturity Level of GRC

No.	Maturity Level	Definition
1.	Initial	The components of excellence are partially present in the company
2.	Siloed	The components of excellence are fully present in the company but are separated without adequate alignment
3.	Managed	Policies, procedures, and methodologies support the siloed level of excellence components, but alignment still needs to be improved.
4.	Transformed	Policies, procedures, and methodologies support the aligned components of excellence. The company improves and updates the GRC excellence model when facing challenges and changes.
5.	Proactive	The innovative and more active capabilities of excellence are components of forecasting continuously changing challenges in the future.

Source: Adapted from GRC Forum Indonesia (2020)

This research uses the same framework as Rozie (2023), who conducted research in Indonesia. Rozie (2023) showed that the GRC maturity level in the corruption eradication commission was transformed, with the lowest assessment in the people aspect. Rozie (2023) used a questionnaire as its source, and the results may cover only some of the reality of GRC practices in companies. The research limitation states that there is no supporting evidence for respondents' answers to verify the research results. Therefore, this study uses secondary data collection, interviews, and document observation (whether it is available or not) as supporting evidence for respondents' answers through interviews.

3. Research Methodology

In conducting this research, a qualitative approach will be used to achieve an in-depth depiction by exploring data and facts regarding implementing Governance, Risk, and Compliance (GRC) in the target company (Azhar, 2021). Consistent with Nur'aini (2020), the chosen research type was a case study approach (empirical research on phenomena in real-life situations) suitable for qualitative research.

Data collection used secondary data from 2022, which were available on the company website or the Internet, to check the availability of documents confirming the existence of GRC indicator elements in the company. Then, GRC indicator elements, whose supporting evidence cannot be found on the company website or the Internet, will be collected through interviews. Interviews were conducted to request access to documents that can confirm the availability of GRC indicator elements in the company and to obtain explanations regarding GRC indicator elements that are unavailable or not represented by the indicators used.

The company selected as the research subject is XX LLC, a subsidiary of the SOE that manufactures plantation products. The chief (or spokespersons appointed by the chief) from eight sections—Strategic Management and Business Planning, Accounting and Finance, P2K3, HR, Corporate Secretary, Information and Technology, Risk Management, and Internal Monitoring Unit—were interviewed.

The indicators used in this research are based on the excellence model guidelines developed by IRMAPA (2020), with three aspects, each of which has criteria (four criteria for process, three criteria for people, and two criteria for tools), and each criterion has its maturity indicators. The number of each element of the criteria implemented in the company is then compared to the total elements found in the indicators by IRMAPA (2020). Mathematically, the calculation is performed as follows:

$$\frac{\text{The number of GRC maturity criteria elements that have been implemented}}{\text{All GRC maturity criteria elements}} \times 100\%$$

The results will be obtained in percentages indicating the maturity level of each criterion, based on Table 2.

Table 2. Maturity Level Percentage

Maturity Level	Value in Handbook	Percentage
Initial	$\leq 1,5$	$\leq 30\%$
Siloed	$> 1,5 \text{ s.d } 2,5$	$> 30\% - 50\%$
Managed	$> 2,5 \text{ s.d } 3,5$	$> 50\% - 70\%$
Transformed	$> 3,5 \text{ s.d } 4,5$	$> 70\% - 90\%$
Proactive	$> 4,5 \text{ s.d } 5$	$> 90\% - 100\%$

Source: Adapted from GRC Forum Indonesia (2020)

4. Results and discussions

After evaluating secondary data collection and interviews to check the availability of documents that confirm the existence of the elements of the GRC excellence model criteria in the company, the results obtained are as shown in Table 3.

Table 3. Evaluation Results of the Three Aspects of the GRC Excellence Model

No.	Aspect	Criteria	All Element	Implemented Element	Percentage	Maturity Level
1.	Process (P)	P ₁	22	22	100%	Proactive
		P ₂	10	9	90,0%	Proactive
		P ₃	11	11	100%	Proactive
		P ₄	11	11	100%	Proactive
2.	People (M)	M ₁	14	13	92,9%	Proactive
		M ₂	7	6	85,7%	Transformed
		M ₃	5	4	80,0%	Transformed
3.	Tools (T)	T ₁	10	10	100%	Proactive
		T ₂	16	16	100%	Proactive

Source: Processed data by Excel (2024)

The summary of the research results above shows that the most significant percentage of implementation is 100%, and the lowest is 80,0%. Almost all GRC excellence model criteria are highly mature: two criteria have a transformed maturity level and the rest have a proactive maturity level.

Based on the summary of the research results above, the maturity level of the process aspects can be calculated on average, resulting in results similar to those in Table 4.

Table 4. Maturity Level of Process Aspect

No.	Criteria	Percentage	Maturity Level
1.	P ₁	100%	Proactive
	P ₂	90,0%	Proactive
	P ₃	100%	Proactive
	P ₄	100%	Proactive
Average		97,5%	Proactive

Source: Processed data by Excel (2024)

The evaluation of criterion P₁ regarding the dissemination of information and communication at XX LLC revealed that this criterion has a level of proactive maturity. However, the company can still make several improvements to optimize the implementation of GRC. Short- and long-term strategies are not only published to leadership employees but also to other employees because, according to Hartono (2014), the company's strategy will be even better if it is communicated to all employees as internal parties who play an essential role in helping the company achieve the goal. This aims to ensure that employees recognize the company's strategy. The holding company carried out stress tests to test deviations from the long- and short-term strategy achievements, which were then handed down to XX LLC and evaluated. This can be done by XX LLC so that the company has its stress test results to further strengthen the chances of strategy success and reduce the risk of failure in implementing strategies to achieve goals. The company does not make quarterly reports, but as a subsidiary of the SOE, it makes quarterly reports according to the SOE's financial reporting regulations.

This P₁ criterion can become one of the pillars of corporate governance, namely transparency and accountability (KNKG, 2022), because the company has been accountable for its performance (accountability) in a relevant, accessible, and easy-to-understand manner in maintaining objectivity (transparency). The dissemination of information carried out internally and externally can be an example of good corporate governance because it is strongly related to stakeholder trust (Kelvianto,

2018). In addition, it can control the relationship between the management, board, shareholders, and others internally (Azhar, 2021).

The results of P₂'s evaluation regarding learning and providing innovation at XX LLC achieved proactive maturity. However, one element has yet to be implemented: the absence of an innovation center laboratory as a business unit focusing on developing new ideas owned by the community. Companies can also create a business unit specifically intended to execute and build employee ideas so that they can then be submitted as participants in innovation contests held by Holding, so that the ideas provided are more mature than they used to be. Employees create innovations during competitions and can channel new ideas to the company at any time. This criterion aligns with the two components of GRC excellence: Learning and Innovation. Learning according to the GRC Forum Indonesia (2020) means that companies must be able to learn continuously to support goals and strategies. The next component is innovation, according to IRMAPA (2020), which means that companies must be able to find innovative and efficient solutions to face challenges and support adaptation.

The results of P₃'s evaluation of the corporate governance process at XX LLC have achieved a level of proactive maturity, meaning it is at the highest level. However, there are several documents that the company cannot provide, namely, evidence of minutes of meetings of the board of directors and board of commissioners as proof that governance and code of ethics have been discussed at meetings held by both. This occurred because, according to the company spokesperson, the meeting minutes were confidential documents; in general, the meetings of the directors and board of commissioners discussed the technical implementation of governance provisions and the code of ethics. According to the P3 criteria based on the OECD, the items that are available are tools for companies to provide direction, control, and evaluate companies, processes, or resources (Azhar, 2021).

The results of P₄'s evaluation regarding the risk management process at XX LLC also achieved the highest level of maturity (proactive). However, there are documents that the company cannot provide, namely, evidence of the minutes of meetings of the Board of Directors and Board of Commissioners as proof that the risk profile has been discussed at meetings held by both. According to a company spokesperson, this occurred because the meeting minutes were confidential documents. In general, the meeting minutes of the directors and board of commissioners discuss decisions regarding the company's corporate actions based on a study of the company's risk profile. Implementing risk management can significantly contribute to the running of private and government companies to increase and maintain company value effectively and be reflected in the company's decision-making process (Priyarsono et al., 2023).

Overall, the maturity level in the *process* aspect is transformed because it has an average of 97.5%, meaning that the company's processes and capabilities have innovative excellence capabilities and are more active in forecasting challenges that will continue to change in the future by disseminating information that is transparent, relevant, reliable and timely, governance and risk management processes that comply with standards, as well as continuous learning and innovation (GRC Forum Indonesia, 2020).

Based on the summary of the research results above, the maturity level of *people* aspects can be calculated on average, resulting in results similar to those in Table 5.

Table 5. Maturity Level of People (M) Aspect

No.	Criteria	Percentage	Maturity Level
1.	M ₁	92,9%	Proactive
	M ₂	85,7%	Transformed
	M ₃	80,0%	Transformed
	Average	86,2%	Transformed

Source: Processed data by Excel (2024)

The results of M₁'s evaluation of employee development at XX LLC showed proactive maturity; this company still needs to design a long-term HR development plan. Priyono and Marnis (2008) state that long-term plans range from to 3-5 years of planning. From confirmation from the company, employee development planning was only carried out for the next year (short-term); for example, in 2024, the company must have planned for employee training in 2025. According to Halisa (2020), an employee is a crucial company asset for achieving its goals. The employee is the leading actor in the company, carrying out governance, risk management, internal supervision, and other activities to make the excellence component more innovative and to play an active role in forecasting constantly changing challenges. Employees in a company must have sufficient experience and competence.

The results of M₂'s evaluation of increasing knowledge and performance measurements showed that the maturity level was still being transformed. There was one element that had not been implemented, namely that the company's performance assessment or KPI had not been made based on a long-term strategy because, according to a spokesperson for the Human Resources section of XX LLC, the company was used to create KPIs for 1-year performance achievement (based on short-term strategy). According to Halisa (2020), human resources are essential assets for a company. HR is the leading actor in carrying out all activities in the company; in ensuring that HR works well and can help the company achieve its goals, employee performance must be measured using indicators that are based on organizational goals, and their achievements must be evaluated so that employee performance remains controlled.

The results of M₃'s evaluation of the reward system for performance and remuneration are at the mature transformed level. XX LLC does not yet have one element for this criterion. According to the annual report reviewed on the company's website and confirmation from the company interviewed, this company did not have a nomination and remuneration committee. However, the company has carried out remuneration functions that are charged to the human resources department, from employee performance appraisal meetings, which are not documented, to determining remuneration based on assessments. To ensure that human resources remain motivated in carrying out their work, they must be given rewards in the form of remuneration that is adjusted to the performance achieved so that employees are encouraged to achieve targets or even exceed targets, and ultimately achieve company goals can be carried out more quickly and at lower costs.

Overall, the maturity level of the people aspect was transformed. The company is improving and renewing its GRC model to address challenges and changes by appropriately implementing employee development policies, performance appraisals, and remuneration procedures. The company is renewing its GRC excellence model by updating employee development plans yearly and making income adjustments to face challenges and changes (IRMAPA, 2020).

Based on the summary of the research results above, the maturity level of the aspects of the tool can be calculated on average, resulting in results similar to those in Table 6.

Table 6. Maturity Level of Tools (T) Aspect

No.	Criteria	Percentage	Maturity Level
1.	T ₁	100%	Proactive
	T ₂	100%	Proactive
	Average	100%	Proactive

Source: Processed data by Excel (2024)

The results of the T₁ criteria evaluation regarding the information system that supports the decision-making process were at the proactive maturity level. However, the non-disclosure agreement with information system service providers is not carried out by XX LLC but by the holding company because all the information technology devices the company uses result from contractual agreements between the holding company and third-party technology and information services providers. The company has

implemented a non-disclosure agreement on technology collaboration. Information systems are needed in decision-making; all information is stored safely (with security components such as firewalls and access control) and regularly in a cloud system that can be accessed in real time so that decision-makers can obtain relevant information when making business decisions anytime and anywhere.

The results of the T₂ evaluation of an effective monitoring system showed that the level of maturity was proactive. Owing to the company's confidentiality policy, management reports to the board of commissioners, reports on the board of commissioners' supervision of management, monitoring reports on audit results, and routine SPI assessments are provided only in the form of report excerpts. XX LLC has independent supervision; for internal parties, supervision is carried out by the Internal Audit Unit, which assists the director in carrying out supervision and control; and for external parties, there is BPKP. The internal audit is equipped with an internal audit charter as an internal audit guide that adopts the International Standards for Professional Practices of Internal Audit (The International Professional Practice Framework (IPPF), compliance audit reports, routine assessments of the internal control system, follow-up reports on audit results, as well as clear job descriptions. The supervisory board has a manual that regulates the supervisory policies carried out, receives management/director reports on company operations, and provides evaluation reports to the board of directors.

Overall, the maturity level for the tools aspect is included in the proactive maturity level, meaning that the company's processes and capabilities have innovative excellence capabilities and are more active in forecasting challenges that continue to change in the future, with information systems that support decision-making and monitoring systems that are effective in monitoring objective deviations and new threats (IRMAPA, 2020).

The overall maturity level of the GRC excellence model can be calculated on average, resulting in results similar to those in Table 7.

Table 7. Overall Maturity Level

No.	Criteria	Percentage	Maturity Level
1.	P (Process)	97,5%	Proactive
2.	M (People)	86,2%	Transformed
3.	T (Tools)	100%	Proactive
Overall Maturity Level		94,5%	<i>Proactive</i>

Source: Processed data by Excel (2024)

The results obtained from calculating the average of the three aspects of the GRC excellence model were 94.5% or a proactive maturity level, indicating that the company has innovative excellence capabilities and is more active in predicting challenges that continue to change. This is accomplished by aligning strategy, processes, technology, and people for more effective and efficient activities (IRMAPA 2020).

Of the nine criteria evaluated, the criteria that have the lowest level of maturity are those regarding increasing knowledge and performance measurement (M₂), as well as the requirements for the reward system for performance and remuneration (M₃) with a transformed maturity level, while the other criteria are proactive. If we look at the three evaluated components of excellence, the element with the lowest maturity level is the people aspect, with a transformed maturity level. This result is similar to Rozie's (2023) research, which found that the people aspect had the lowest measurement value. However, this does not mean that more elements of the people aspect have not been implemented than other aspects because the lower maturity level calculation is likely caused by the overall elements of the people aspect being fewer than other aspects, thus affecting the calculation, just as in Rozie's (2023) research, with the people aspect having the lowest measurement value.

Overall, the GRC maturity level evaluation results show that the GRC maturity level at XX LLC is the highest GRC maturity level. Based on IRMAPA 2020), at this maturity level, all components of GRC

XX LLC excellence have innovative excellence capabilities and are more active in predicting challenges that continue to change. XX LLC has conducted its business ethically, by risk appetite (with the risk management process as a coordinated activity of controlling organizational risks (Vorst et al., 2018)), internal policies (with governance policies corporate governance which is a tool for companies to provide direction, control, and evaluate companies, processes, or resources (OECD in Azhar (2021))), and external regulations (with company compliance with applicable laws and regulations in the implementation of risk management and governance), which is done by aligning strategy, processes, technology, and people for more effective and efficient activities. This situation was obtained by evaluating the document's availability as evidence that supports the sources' statements, and by reviewing secondary documents. Companies must further investigate the effectiveness and reality of implementation by monitoring implementation activities.

5. Conclusion

5.1. Conclusion

This research evaluates the maturity level of Governance, Risk, and Compliance in SOE subsidiaries operating in the Plantation sector, using assessment indicators prepared by GRC Forum Indonesia (2020), which consist of process, people, and tools aspects. Each aspect has criteria, and the requirements have 106 elements. Based on the results obtained from the average calculation of the three aspects, it is 94.5% or has a proactive maturity level, which means that it already has the highest maturity level. However, there are still several aspects that need to be improved to maximize the implementation of GRC in XX LLC, namely publishing and training long- and short-term strategies for all employees, conducting stress tests to see deviations from the company's strategy independently, creating special units that facilitate employee innovation and long-term HR development planning, the implications of which are for optimizing the company's performance achievement.

5.2. Limitation

The results of this study can contribute to the literature and serve as an additional reference for further research on GRC maturity levels. However, there are limitations experienced in conducting this research:

1. Restricted access to information due to company policy on the confidentiality of documents and information, so some documentary evidence cannot be examined further.
2. The results of this research were obtained by evaluating the availability of documents as evidence that supports the sources' statements and a review of secondary documents, so that the effectiveness and reality of implementation must be investigated further.
3. The research focuses only on one plantation SOE company, which has different regulations from those of several other companies. These indicators may need to be adjusted for the company studied in future research.
4. Only one person from eight sections was interviewed.
5. The theoretical sources and previous research used were limited.

5.3. Suggestion

From several limitations in the research, there are several suggestions for improving further research, namely:

1. Conduct GRC research on other types of state-owned companies, such as manufacturing, services, and construction.
2. Increase the number of sources and complete focus group discussions to crosscheck the sources' opinions.
3. Review theories from other sources to enrich the research analysis.
4. Discuss with GRC experts to achieve a high analytical accuracy.

Acknowledgment

The researcher would like to thank the University of Indonesia's Masters of Accounting community, which helped with the administration, the lecturers who provided insight into completing this research, and company XX LLC for being willing to be a study subject, especially to the resource persons willing

to give their time. With the support of both parties, the researcher was able to complete this research successfully.

References

- Ahmeti, R., & Vladi, B. (2017). Risk management in public sector: A literature review. *European journal of multidisciplinary studies*, 2(5), 190-196. 10.26417/ejms.v5i1.p323-329
- Al Habsyi, S., Suharman, H., & Handoyo, S. (2021). Effect of GRC and Intellectual Capital on Company Performance. *JRAK*, 13(2), 106-112. <https://doi.org/10.23969/jrak.v13i2.4130>
- Azhar, M. (2021). Evaluasi Kesiapan PT. X Untuk Penerapan Governance, Risk, Dan, Compliance (GRC).
- Batenburg, R., Neppelenbroek, M., & Shahim, A. (2014). A maturity model for governance, risk management and compliance in hospitals. *Journal of Hospital Administration*, 3(4), 43-52. <http://dx.doi.org/10.5430/jha.v3n4p43>
- Borg Caruana, S. (2018). *Determining the governance, risk management & compliance maturity of credit institutions by applying the Basel & OCEG recommendations as a theoretical index*. University of Malta.
- CRMS. (2018). Saatnya Merealisasikan Pelaksanaan GRC dengan Pendekatan Terintegrasi. Retrieved from <https://crmsindonesia.org/publications/saatnya-merealisasikan-pelaksanaan-grc-dengan-pendekatan-terintegrasi/>
- Gunawan, R. M. B. (2021). *GRC (Good Governance, Risk Management, And Compliance)-Rajawali Pers*: PT. RajaGrafindo Persada.
- Halisa, N. N. (2020). Peran manajemen sumber daya manusia" sistem rekrutmen, seleksi, kompetensi dan pelatihan" terhadap keunggulan kompetitif: Literature review. *ADI Bisnis Digital Interdisiplin Jurnal*, 1(2 Desember), 14-22. <https://doi.org/10.34306/abdi.v1i2.168>
- Handoko, B. L., Riantono, I. E., & Gani, E. (2020). Importance and Benefit of Application of Governance Risk and Compliance Principle. *Systematic Reviews in Pharmacy*, 11(9).
- Hartono, A. L. D. (2014). Konsep Sosialisasi mengenai Strategi Perusahaan kepada Karyawan Lapangan di PT HM Sampoerna Tbk. Studi Kasus pada "5 Key Operations Strategies 2013-2015". *Jurnal Ilmu Komunikasi*, 1-15.
- Hermawan, A., & Novita, N. (2021). The Effect of Governance, Risk Management, and Compliance on Efforts to Minimize Potential Fraud Based on the Fraud Pentagon Concept. *Asia Pacific Fraud Journal*, 6(1), 82-95. <https://doi.org/10.21532/apfjournal.v6i1.196>
- IRMAPA. (2020). PANDUAN MENCAPAI MODEL KEUNGGULAN GOVERNANCE, RISK MANAGEMENT, AND COMPLIANCE (GRC).
- Kelvianto, I. (2018). Implementasi prinsip-prinsip good corporate governance untuk keberlanjutan usaha pada perusahaan yang bergerak di bidang manufaktur pengolahan kayu. *Agora*, 6(2).
- Kembaren, S. Y. S., Endro, G., & Pendrian, O. (2022). Effect of governance, risk management and compliance on a firm's value (healthcare industry). *Enrichment: Journal of Management*, 12(5), 4076-4087. <https://doi.org/10.35335/enrichment.v12i5.947>
- KNKG. (2022). PEDOMAN UMUM GOVERNANSI KOPERASI INDONESIA (PUG-KOPIN).
- Lam, J. (2017). *Implementing enterprise risk management: From methods to applications*: John Wiley & Sons.
- Lubis, R. H. (2020). Governance, Risk Management, and Compliance: Implementasi dan Implikasi Pada Koperasi Syariah di Kota Tangerang Selatan.
- Marmen, J. (2022). EFFECTS OF GOVERNANCE, RISK, AND COMPLIANCE (GRC) IMPLEMENTATION ON PROVINCIAL DEVELOPMENT BANK PERFORMANCE. *Neuroquantology*, 20(15), 6966.
- Maulana, M. W., & Iriandy, A. (2022). Analisis Pengaruh Governance, Risk, And Compliance Terhadap Kinerja Keuangan Bank Umum Syariah di Indonesia Periode 2016-2020. *eProceedings of Management*, 9(2).
- Mitchell, S. (2019). GRC Capability Model™ 3.5 (OCEG Red Book) FREE VERSION. Retrieved from <https://www.oceg.org/grc-capability-model-red-book/>
- Nur'aini, R. D. (2020). Penerapan metode studi kasus YIN dalam penelitian arsitektur dan perilaku. *INERSIA Informasi dan Ekspose Hasil Riset Teknik Sipil dan Arsitektur*, 16(1), 92-104.

- Papazafeiropoulou, A., & Spanaki, K. (2016). Understanding governance, risk and compliance information systems (GRC IS): The experts view. *Information Systems Frontiers*, 18, 1251-1263. <https://doi.org/10.1007/s10796-015-9572-3>
- Pertiwi, A. P., & Muslih, M. (2023). PENGARUH GOVERNANCE, RISK AND COMPLIANCE (GRC) DAN UKURAN PERUSAHAAN TERHADAP KINERJA KEUANGAN. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 7(1), 537-554. <https://doi.org/10.31955/mea.v7i1.2904>
- Priyarsono, D., Gustrian, R. R., Vorst, C. R., Supriyadi, H., Yulian, A., & Munawar, Y. (2023). Risk management in private companies and public sector organizations: A preliminary comparative study. *Jurnal Organisasi dan Manajemen*, 19(1), 256-272. 10.33830/jom.v19i1.4126.2023
- Priyono, P., & Marnis. (2008). *BUKU MANAJEMEN SUMBER DAYA MANUSIA* (2).
- Putri, W. E., & Lindrianasari, L. (2023). PENGARUH PENERAPAN GRC TERINTEGRASI TERHADAP VALUE CREATION. *JURNAL ILMIAH EDUNOMIKA*, 7(2). <https://doi.org/10.29040/jie.v7i2.8970>
- Rozie, T. F. (2023). *Analisis Tingkat Maturitas Model Keunggulan Governance Risk Compliance (GRC) Pada Komisi Pemberantasan Korupsi*. Universitas Gadjah Mada.
- Setyawan, A. N., & Iradianty, A. (2021). Pengaruh Penerapan Governance, Risk, and Compliance terhadap Return Saham pada Bank Umum Swasta Nasional Devisa yang Terdaftar di BEI Tahun 2016-2020. *Jurnal Mirai Management*, 6(2), 14-31. <https://doi.org/10.37531/mirai.v7i3.2415>
- Shahim, A., Batenburg, R., & Vermunt, G. (2012). *Governance, risk and compliance: a strategic alignment perspective applied to two case studies*. Paper presented at the ICT Critical Infrastructures and Society: 10th IFIP TC 9 International Conference on Human Choice and Computers, HCC10 2012, Amsterdam, The Netherlands, September 27-28, 2012. Proceedings 10.
- Vorst, C. R., Priyarsono, D. S., & Budiman, A. (2018). *Manajemen Risiko Berbasis SNI ISO 31000*. Jakarta: Badan Standardisasi Nasional.
- Wibowo, S., Achsani, N. A., Suroso, A. I., & Sasongko, H. (2022). Integrated governance, risk, and compliance (GRC) and combined assurance: A comparative institutional study. *Indonesian Journal of Business and Entrepreneurship (IJBE)*, 8(2), 289-289. <https://doi.org/10.17358/ijbe.8.2.289>
- Zammit, C., Grima, S., & Kizilkaya, Y. M. (2021). A Maturity Evaluation of Governance, Risk Management and Compliance (GRC) within the Maltese Public Sector *Contemporary Issues in Public Sector Accounting and Auditing* (pp. 219-255): Emerald Publishing Limited. <https://doi.org/10.1108/S1569-375920200000105016>

