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COMPARATIVE STUDY ON THE CORPORATE GOVERNANCE BETWEEN THE SOUTH KOREAN AND INDONESIAN LAW

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Abstract

There are crucial differences about the corporate governance practices based on the regulation in Indonesia and South Korea. Director and Auditor are explained in the Korean Company Law, but it is absent in the Indonesian Company Law. Hence, this research aims to discuss the comparison between representatives of directors of a company and auditors between South Korean and Indonesian companies. It adopted normative legal approach that utilized a qualitative method in analyzing data and using secondary data. All secondary data was collected from library research. It also adopted a juridical qualitative approach to analyze the secondary data. It found that the exact position of auditors in Indonesia is very different from those in South Korea. South Korean law is foreign to the term "commissioners", it has an auditor instead. Indonesia has both director and commissioner as the boards in a company. Auditor in Indonesia is an external party that must be hired by the company.

Keywords: Corporate, Governance, Auditor, South Korea, Indonesia

A. Introduction

In this modern world, people are already familiar with companies. The community of course knows a lot about what the company is and what the company is all about. Yet, it is questioned whether the public understands what is meant by internal concepts and how are the processes that occur in these companies actually and whether all companies have carried out their duties correctly in accordance with existing regulations?[1]

In this research, the emphasis is given to a limited liability company or as a joint stock company where the company is very large and usually people set up this company to do or start their business. According to Zaeni Asyhadie Limited Liability Company is a form of business that has a legal status, which was originally known as *Naamloze Vennootschap* (NV). The term "Limited" in a Limited Liability Company is aimed at the responsibility of shareholders which is limited to the nominal value of all shares held by them. The establishment of a company like this requires a figure called a Director and what public know is that a director is someone who represents or represents a company. So that in the eyes of the public, a director is responsible for the company they represent. This is indeed not wrong but few of them know that a director also has an Indonesian

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[1] Zaeni Asyhadie, *Hukum Bisnis: Prinsip Dan Pelaksanaannya Di Indonesia* (Jakarta: Raja Grafindo Persada, 2005).

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chairperson who is referred to as the president director who in this case will be compared to that in Korea.[2]

The Director (in the plural number called the Board of Directors) is a person appointed to lead a limited liability company. The director can be someone who owns the company or a professional person appointed by the business owner to run and lead a limited liability company. The term of "directors" can vary, namely the board manager, governor council, or executive board.[3] Interestingly in Indonesia, the establishment of a limited liability company or the company requires a director and commissioner. Whereas in Korea, there are auditors in the establishment of the company. The Indonesian auditor does play a role in the company, namely auditing financial health or checking the financial condition of a company and this is not different from South Korea.

In a business dictionary, in general, an auditor is someone who checks and verifies the accuracy of the company's operational and / or financial records. The public accounting firm conducts audits of its financial statements. Auditors in South Korea, have duties and authority that are almost similar to the commissioners of the Indonesian corporate world. Hence, it will be discussed the comparison between representatives of directors of a company and auditors between South Korean and Indonesian companies.[4]

This paper review the problems from the law perspective while other research mostly view this issue from the economic perspective. However, one comparison studies regarding anti-trust issue and acquisition of a company share has found that Either Korea and Indonesia The two countries use a post notification reporting system, but South Korea stipulates that pre-notification must be carried out with certain limitations,[5] had become one of a reference to finish this study.

B. Identified Problems

There are crucial differences about the Representative Directors and Auditors practices based on the regulation in Indonesia and South Korea. Director and Auditor are explained in the Korean Company Law, but it is absent in the Indonesian Company Law. The South Korean Company Law explains these elements in detail and highly anticipate any bad possibilities that might occur in a company. Compared with regulations in Indonesia, namely the Company Law (Law No. 40 of 2007 concerning Limited

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[2] Chin Huat Ong and Tai Wai David Wan, "Board Structure, Board Process and Board Performance: A Review & Research Agenda," *Journal of Comparative International Management* 4, no. 1 (2001).

[3] Emerhub, "What Is the Corporate Structure in Indonesia?," Emerhub, 2020, https://emerhub.com/indonesia/shareholder-commissioner-and-director-of-pt-pma/.

[4] Kyung Taek Jung and Hwa Soo Chung, "Corporate Governance in Korea," IFLR, 2002, https://www.iflr.com/article/2a63q84ammrjjxtrlg268/corporate-governance-in-korea.

[5] Nadya Angelina and Anna Maria Tri Anggraini. "Pengambilalihan Saham Perusahaan Menurut UU Antimonopoli (Perbandingan Hukum Indonesia dengan Korea Selatan)." *Reformasi Hukum Trisakti* 4, no. 1 (2022): 49-58.

Liability Companies), there are still gaps in the possibility of conflict, for example, the simplest example is overlapping obligations between certain positions and positions within a company, especially a limited liability company.[6] Hence, this research poses a single question, namely what are the crucial differences between the South Korean and Indonesian approaches to the corporate governance, especially the Board of Directors?

C. Research Methods

The research adopted normative legal approach that utilized a qualitative method in analyzing data, and using secondary data as the sources, namely the regulations of South Korea and Indonesia relating to company law, journal articles, and books which were relevant to the discussed topic.[7] More specifically, it adopted a comparative law. All secondary data was collected from library research, and it adopted a juridical qualitative approach to analyze the secondary data.

D. Research Findings and Discussions

1. The Crucial Differences between the South Korean and Indonesian Approaches to the Board of Directors

In South Korea, there are two types of board structure namely the One-Tier Board System and the Two-Tier Board system. In South Korea, the listed companies have adopted a single-tier board system where the governing body comprises a single board. Under Korean laws, the one-tier board combines both supervisory and monitoring functions and managerial functions, although some corporate governance models through various mechanisms could achieve a certain degree of separation of such functions. While in the other hand. The Two-tier Board System have the managerial and supervisory function divided into two groups with the purpose of prevention upon the colliding of responsibilities and to evade the chance of having too much different opinions that will cause an inefficiency in the process of company works. A board resolution is required for the company to make decisions on corporate policy and business matters such as disposition and transfer of material assets of the company, borrowing of substantial amounts of money, appointment and dismissal of managers, and establishment, change and closure of branches. Matters that are specifically enumerated in the Korean Commercial Code (KCC) as the powers of the board of directors are, among others, convocation of a general meeting of shareholders, approval of the director's competition with the company, usurpation of corporate opportunity and self-dealing

[6] Zach Lazzari, "The Difference Between Managerial Functions & Managerial Skills," Chron, 2019, https://smallbusiness.chron.com/difference-between-managerial-functions-managerial-skills-35683.html.
[7] C. F. G. Sunaryati Hartono, *Penelitian Hukum Di Indonesia Pada Akhir Abad Ke-20* (Bandung: Alumni, 1994).

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transaction, approval of a transaction conducted by the largest shareholder of a listed company with the company, issuance of bonds and payment of interim dividends.

A board of directors is a body of individuals to whom duties are delegated by the shareholders to perform activities for and on behalf of the company. A board of directors only owes duties to the company, and does not assume any obligations with respect to individual shareholders, while In Korea, a board should only do the task oblige to the company and not on behalf of own interest. Meaning, they should only do activities that is related to the company such as elaborated before, Asset Transferring or Borrowing money for the company not for private usage. This briefly saying that under the KCC, boards should separate the need of company and the need of private self.

Members of the Board of Directors cannot be held responsible for losses if you can prove the loss is not due to an error or omission, has made arrangements in good faith and prudence for the benefit and in accordance with the aims and objectives of the Company, does not have a conflict of interest either directly or indirectly for management actions that result in losses, and has taken action to prevent the loss arising or continuing.

In South Korea, the representative directors have several roles which in short, they represent a company and act as if they are representatives of the company in certain activities. Usually they prepare resolutions and objectives for the Board of Directors and shareholders. They conclude goals in the company's future and what they will achieve in the future. The director's representative does represent the company in carrying out activities and in making decisions on an activity but in the absolute decision-making it is necessary to have an agreement from the board of directors and other shareholders. For example they decide something without the approval of the other board of directors along with other shareholders then, they can be said to have violated the rules and have done what they should not have done.[8]

In South Korea, all directors of companies are listed on the Korea Commercial Register. When there are concerns that the company will suffer damage as a result of a director’s breach of the laws and regulations or articles of incorporation, the auditor or a shareholder holding no less than 1 per cent of the total issued and outstanding shares of the company (for a listed company, a shareholder who has continuously held no less than 0.05 per cent of the total issued and outstanding shares of the company for six months, and for a company with at least 100 billion won of total capital, a

[8] Richard T. Ingram, *Ten Basic Responsibilities of Nonprofit Boards*, 13th Editi (Washington DC: BoardSource, 2015).

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shareholder holding no less than 0.025 per cent of the total issued and outstanding shares of the company) may, on behalf of the company, file a claim with a court demanding the suspension of the activities of such director. In addition, a shareholder holding no less than 1 percent of the total issued and outstanding shares of the company (for a listed company, a shareholder who has continuously held no less than 0.01 per cent of the total issued and outstanding shares of the company for six months) may request the company to institute a lawsuit investigating the director's liability. If the company does not bring a lawsuit within 30 days, such shareholder may file a claim with a court on behalf of the company.

Members of the Korean board of directors can be listed as: "internal directors"; "Outside directors" or "other directors who are not directly involved in the company's regular business." In many South Korean companies, one insider director is also classified as a director of representation. They may also be required to have an official auditor. Usually the representative of the director is determined at the general meeting of shareholders and if more than one representative director has been appointed, it will be determined that they will do the work individually and each of them or they will carry out their duties simultaneously unity. In carrying out their duties, they receive orders that can be in the form of seals and seals, of course, they must be legal and registered.[9] With regard to this seal, the company will bear all risks or losses that will occur if there is an error or negligence caused by the representative of the director and if all such losses will be borne by the company that authorizes and gives recognition of the seal. However, it does not rule out the possibility that the company can deny responsibility for this matter and provide a defense if it turns out that the error or negligence of the assignment was caused due to the director's representative bad intentions.[10]

Duties under the Indonesian Company Law (Law No. 40 of 2007 concerning Limited Liability Companies) are explained separately between Directors and Commissioners. The Board of Directors is responsible for the management of the Company. Management must be carried out by each member Directors in good faith and full of responsibility. Each member of the Board of Directors is personally responsible for the Company's losses if the person concerned is guilty or negligent in carrying out their duties in accordance with the provisions If the Board of Directors consists of 2 (two) or more members of the Board of Directors, the responsibility applies jointly and severally for each member of directors. Members of the Board of Directors cannot be held responsible for losses if it is

[9] Anthony Mancuso, *Your Limited Liability Company: An Operating Manual* (California: NOLO, 2013).
[10] ProLegal, "Apa Saja Hak Dan Kewajiban Komisaris?," ProLegal, 2017, https://prolegal.id/apa-saja-hak-dan-kewajiban-komisaris/.

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proved that the loss is not due to an error or omission, has made arrangements in good faith and prudence for the benefit and in accordance with the aims and objectives of the Company, does not have a conflict of interest either directly or indirectly for management actions that result in losses, and has taken action to prevent the loss arising or continuing. On behalf of the Company, shareholders who represent at least 1/10 (one tenths) a part of the total number of shares with voting rights may apply a lawsuit through a district court against a member of the Board of Directors who is in error or negligence caused losses to the Company. The provisions do not diminish the rights of other members of the Board of Directors and/or members of the Board of Commissioners to file a lawsuit on behalf of the Company.

The KCC prescribes that subcommittees may be established within the board of directors. Large listed companies with at least 2 trillion won of total capital are required to have a committee for recommending candidates for outside directors and an audit committee. A committee may exercise the rights of the board of directors on the matters, excluding the matters set forth below, delegated by the board of directors. Proposal of any matter that requires approval from the general meeting of shareholders, appointment and dismissal of the representative director, establishment of a subcommittee, and appointment and dismissal of its members, or any other matters provided for in the articles of incorporation. The board of directors may delegate the authority to make decisions on certain matters relating to the execution of activities of the company to the extent that the specific scope of the authority is determined, provided, however, that the following activities may not be delegated by the board, disposal and transfer of material assets, borrowing of large scale assets, appointment or dismissal of managers; and management of affairs, such as establishment, transfer or abolition of branch offices. The representative director is delegated the authority to implement the day-to-day activities of the company.

Unlike South Korea, Indonesia does not have any terms to fulfill on delegating something from the boards and it is only simply regulated in Article 103 of the Indonesian Company Law, where Directors can give written authorization to 1 (one) or more employees of the Company or to others for and on behalf of the Company to carry out certain legal actions as described in the power of attorney. This action may be efficient and comes handy in a tight situation where a director is currently can’t be there in some sort of event but despite of the ease of giving delegation to such individuals. It is a big concern that it may cause some misguidance or misusage of this delegation thing. The company can also deny if it turns out that the seal used by the representative of the director turned out to be

unofficially received recognition from the board of directors and shareholders. So, companies that can prove the explanation above are correct and are indeed practiced by a representative director, they are not required to be responsible. In other words, they can avoid being held accountable for mistakes or negligence committed by the director's representative, who should have the responsibility to be responsible.

In South Korea, in a company there is a role or position called the statutory auditor who has the function and role to conduct an audit of the financial status of a company and ensure that the directors in the company have performed their obligations properly and correctly. These auditors can attend board directors' meetings and participate in giving their opinions or ideas, of course including signing minute rather than the meeting.[11] Not only board of directors' meetings, they can also take part in general meeting of shareholders and provide opinions or ideas as in board meetings. In the case if there is a conflict between the company and its own director, with knowledge where the director is someone who represents the company but does not rule out the possibility the director will also get litigation problems with the company itself. If the situation above occurs then this auditor's statutory will go forward and represent the company, not the director. This auditor statutory is appointed and decided only through a general meeting of shareholders and can only be dismissed by the general meeting of shareholders themselves by means of a voting system, with the other thing being voting. There is no representative criminal liability that flows to the auditor under the law from the criminal activities of Corporate employees who are committed without the official auditor's knowledge and approval. It is believed that the auditor's compensation under the law is similar to that of the director.

In South Korea, the auditor's role is divided into two, namely the first is the mandatory audit committee and the second is the general audit committee. South Korean companies have more obligation to appoint a mandatory audit committee but also designate a general audit of the committee in lieu of the mandatory audit committee. In the case described above, the auditor can only be seen as a general term of the three percent rule.[12] This rule is a rule where in the selection for the appointment of auditors specifically for the mandatory audit committee. Shareholders who own or hold more than 3% of the voting shares cannot use their right to elect the auditor. However, there is an imbalance in the practice of the three percent principle rule, for small companies or those who have a total of Korean won assets ranging from 100 Million to 2 Trillion they still

[11] Phillip L. Jelsma and Pamela Everett Nollkamper, *The Limited Liability Company* (California: James Publishing, 2016).
[12] Robert W. Emerson J. D., *Business Law (Barron's Business Review)* (New York: Barrons Educational Series, 2015).

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have to appoint a mandatory audit committee as their audit member but this is where the exception occurs. In this regard, the small company that has raised the audit committee before in accordance with the previous KCC regulations or has appointed the audit committee before is not required to appoint this mandatory audit committee. In other words, they can choose to appoint only one of the mandatory audit committee or general audit committee to replace the audit committee that has been previously appointed.[13] Because the small company has got a choice between lifting a mandatory audit committee or general audit committee, they tend to appoint a general audit committee because in raising the general audit committee they do not have to follow the three percent principle rule and all shareholders who exceeds three percent of the voting shares can participate in the election where a situation can be the root of the problem rather than a company.[14] Regarding this situation, the KCC attempts to make changes to the regulation so that there are no problems regarding this matter.

Previously as explained above. Small companies can avoid it by appointing only the general audit committee whose appointment will not apply the three percent rule. The changes were made on April 15, 2012. From now on, April 15, 2012, even for small companies they must adopt or lift both, namely the mandatory audit committee and general audit committee. If the Audit Committee is required to be formed, shareholders with more than 3% of the voting shares are prohibited from voting in the vote on the Mandatory Audit Committee. Prior to this amendment, "Rules 3%," the Mandatory Audit Committee and the obligatory auditor, previously, could be avoided by companies registered in South Korea with assets of less than KRW 2 million through the adoption of the General Audit Committee. The General Audit Committee allows shareholders with more than 3% of the company's voting shares to elect the appointment of Committee members.[15]

Large companies in South Korea can usually form committees under the board of directors and usually there will be an auditor committee that will be under the board of directors where in the audit committee selection shareholders who have more than 3% of the voting shares cannot exercise their rights by reason of justice towards other smaller shareholders so as not to be dominated by other larger shareholders. Exceptions occur to small companies where those who have a small number of boards of directors are not required to form an

[13] Dev Patnaik, *Wired to Care: How Companies Prosper When They Create Widespread Empathy* (Upper Saddle River: FT Press, 2009).
[14] Kay Sprinkel Grace, *The Ultimate Board Member's Book: A 1-Hour Guide to Understanding and Fulfilling Your Role and Responsibilities* (Massachusetts: Emerson & Church, 2013).
[15] Jerold Panas, *The Fundraising Habits of Supremely Successful Boards: A 59-Minute Guide to Assuring Your Organization's Future* (Massachusetts: Emerson & Church, 2012).

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audit committee for this reason so that the three percent rule is not implemented by those who ultimately abuse their power to choose auditors who are their power which they finally got arbitrary orders. This is certainly not desirable; therefore, the South Korean legislature plans to amend the KCC on the grounds that small companies do not get an exception like this.[16]

Since the problem of perceived transparency, exceptions, available for smaller listed companies under the KCC will now be removed under the KCC revision. The revised KCC, as a whole, can be beneficial for minority shareholders in public companies that are controlled by a dominant majority. For auditors in companies both small and large who are doing their jobs very well and well, they will get appreciation from the company in the form of the right to get assistance from expert advisors, so their work will be lighter.[17] Getting help from this expert advisor certainly has these costs and costs as described above will be borne by the company as an expression of appreciation for the auditor's hard work. However, this is not regulated further in regulations, especially regarding the limits or limitation of costs or the burden that can be borne by the company which is feared will cause problems with these matters.[18]

In Indonesia, the president director did not explain the differences in detail in Law No. 40 of 2007 concerning Limited Liability Companies where what distinguishes them from ordinary directors and also no further explanation whether the director has a different or the same task with the ordinary director. Since there is no detailed explanation, it may be presumed that there is no different task between the president director and the director. Even though it is explained in the law that if there is an appointment of more than one director, one of the directors would be appointed as president director.[19]

The director is responsible for the company's losses caused by the director not to run the management of the company in accordance with the company's goals and objectives as stipulated under Law No. 40 of 2007 concerning Limited Liability Companies. As for the loss of the company, the director will be held responsible for both civil and criminal matters. If the company's losses are caused by business losses and the director has run the management of the company in accordance with the company's goals and objectives. In short, Law

[16] Charles C. Malone, *The Art of Delegation: Maximize Your Time, Leverage Others, and Instantly Increase Profits* (South Carolina: CreateSpace Independent Publishing Platform, 2015).
[17] Steve E. Barkan, *Law and Society: An Introduction* (London: Pearson, 2008).
[18] Ray August, *International Business Law* (London: Pearson, 2012).
[19] Munyradadzi Raymond Muchemwa, Nirupa Padia, and Chris William Callaghan, "Board Composition, Board Size and Financial Performance of Johannesburg Stock Exchange Companies," *South African Journal of Economic and Management Sciences* 19, no. 4 (2016): 497–513, https://doi.org/http://dx.doi.org/10.17159/2222-3436/2016/v19n4a3.

No. 40 of 2007 concerning Limited Liability Companies indicates that the directors cannot be blamed for company losses if they run the company based on the company's goals and objectives.

In regard with auditors, in Indonesia it does have an auditor role in the company but they are not listed in the articles of association but they are more like ordinary workers employed by the company by assigning audits and analyzing the financial system of the company. However, unlike Korea, auditors in Indonesia cannot supervise the work of directors within the company. Those who have the role are commissioners.[20]

The public accounting profession is known by the public from the audit services provided to users of financial information. The company's financial statements are used by company owners to assess fund management carried out by company management. Company management requires third party services so that financial accountability presented to outside parties can be trusted, while outside companies need third party services to gain confidence that the financial statements presented by company management can be trusted as the basis for decisions made by them. The third party referred to above is public accountant. It is from this profession that society expects a free assessment that is impartial to the information presented by company management in financial statements.[21]

As a party that is trusted to provide an independent assessment of a company's financial statements, auditors are required to do their work as professionally as possible by avoiding errors in assessment. The research conducted by Arianti states that with the professionalism of an auditor, it will produce quality work, because professionalism means that the auditor has used the ability to carry out maximum audit and carry out work with high ethics.[22] Professional expertise is the auditor's level of professional proficiency in carrying out checks carried out with the skills and professional precision of the implementation of the control structure. Elements of this professional expertise are adherence to professional codes of ethics, knowledge, skills, and disciplines, relationships and communication between people, and continuing education.[23]

When compared with South Korea, auditors in South Korea are more like a mixture than commissioners and auditors in Indonesia. Supported by the fact that auditors in Korea have a similar task to commissioners in Indonesia, namely to supervise activities carried out

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[20] Michael Howard, *Business and Company Law: Legal English Dictionary and Exercise Book* (South Carolina: CreateSpace Independent Publishing Platform, 2015).
[21] S. S. Gulshan and G. K. Kapoor, *Business Law Including Company Law* (New Delhi: New Age International Private Limited, 2018).
[22] Organization for Economic Cooperation and Development, *Board Practices: Incentives and Governing Risks* (Paris: Organization for Economic Cooperation and Development, 2011).
[23] Cliff Weight, *Directors' Remuneration Handbook* (London: Bloomsbury Professional, 2012).

by directors. So, in Indonesia the auditor is a kind of professional job employed by the company to audit the financial status of the company by receiving salary in accordance with the agreement with the company. There are many differences that can be found between these two countries about the corporate governance which is shown by Table 1 which indicates the most crucial differences between the two countries.

Table 1. The Difference Approaches of South Korea and Indonesia to the Corporate Governance

No	South Korea	Indonesia
1.	Under the KCC, Korea acknowledged two types of Company Board structure. One-Tier Board system and Two-Tier Board System.	Under the Limited Liability Company Act, Indonesia only acknowledges one type of Company Board structure. And that is the Two-Tier Board System.
2.	Delegation of Board's Responsibilities have some exception on some actions that can't be delegated such as borrowing of large-scale asset and other high-risk actions.	Delegation of Board's Responsibilities is totally different from Korea where as long as there is a signed paper that is signed by the delegator.
3.	Under the KCC, there is so-called a Representative Director which will represent other directors if there is more in taking decision regarding ordinary matter. It is clearly explained that if there is more than one director appointed, whether they will act together or individually. In the articles of incorporation will be stated and explained	The Indonesian Company Law explains whether there is more than one director appointed, then there will be one president director assigned. BUT there is no specific explanation among the difference of these directors and in the practice, both director and president director can do the same action and have the same power.
4.	In Korea, Company will hold a Board Meeting every ONCE in a QUARTER.	In Indonesia, Company will hold a Board Meeting every ONCE in a SEMESTER.
5.	There is a Limitation of Payable remuneration to directors under the Capital Markets Act which is 500 Million KRW (Five hundred million Korean Won)	There is no explanation about the limitation of Payable remuneration to directors under the Limited Liability Company and. So, we can say it is unlimited.
6.	In Korea, Director and Auditor	In Indonesia, instead of

	is Required to set up a company and should be stated clearly in the Articles of Incorporation. It is also explained under the KCC which an auditor is responsible for the auditing of the financial status of the company while also making sure that the directors are doing their duties, as known as overseen the work of the directors. They can also investigate the financial status of the company to check whether the financial status of the company is in a good condition or not.	requiring auditor, it requires commissioner. And based on the Indonesian Company Law, the commissioners only have to make sure that the directors are doing their work in a good way or not. They are not subjected to do any investigation on company's financial status. Because of that, in Indonesia, companies hire auditor from outside the company just to audit the financial status of the company. And despite because the auditor is not a part of the company, in practice, most of the companies are not really willing to be transparent on giving the finance status of the company resulting in disputes later on.
7.	Under the KCC, auditor that have done a great job, they will be given the permit to receive support from expert advisors which where all expenses will be paid by the company. But because there is no further explanation about the limitation of this expenses, it is a concern that disputes may arise.	In the Indonesian Company Law, even there is no auditor inside the company. Commissioner also does not have these kinds of feature. So even though the commissioner is doing something good for the company. It is just conventional and they will not receive any good commendation from the company.

E. Conclusions

It can be concluded that it is true that there are main differences between Indonesian and South Korean approaches to the director's representatives of a company. The exact position of auditors in Indonesia is very different from the auditors in South Korea. But overall, the Indonesian law governing these matters is still very lacking and can even be said to be imperfect. As for director representatives, in South Korea, if they have chosen more than one director, then they will determine that the directors will carry out their daily activities separately or do it simultaneously. In other words, in South Korea they really anticipate this and maybe to prevent different work results and also avoid things that are not desired by the company or confusion that occurs only because of these simple things. However, in South Korea there are also restrictions on the representatives of

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directors to their companies for special reasons that are very different from those in Indonesia which do not state any limitations to this representation and even listed in Law No. 40 of 2007 concerning Limited Liability Companies that there are no limitations on the director's representative by his company but unless it is stipulated in the company's articles of association.

As for auditors, in South Korea they have auditor positions similar to commissioners in Indonesia, namely to oversee the director's activity process and also audit the company's finances. This is no different from commissioners in Indonesia who have the same role as auditors in Korea, namely overseeing the work of directors. They carry out their activities properly and without bad faith. However, in Indonesia, even though the commissioner has almost the same duties and authority as the auditors in South Korea such as supervising the director and others. In Indonesia it also employs outside auditors and the term is different, namely by calling public accountants. The job of a public accountant in Indonesia is to conduct an audit and all matters concerning the finances of a company that employs it. Public accountants are different from auditors in South Korea which they are listed in the articles of association so that they can attend meetings. In Indonesia, this public accountant is not listed in the articles of association and they are only limited to conducting audits of the company's finances. Public accountants do not have the right to attend meetings and they are usually given wages for the work they get from the company.

One of the most crucial differences from these two countries company is that in South Korea, it is foreign to the term “commissioners”, it has an auditor instead. Indonesia has both director and commissioner as the boards in the company. The Indonesian Company Law does not include auditor, consequently the auditor is an external party, and he/she must be hired by the company.

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