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Towards Trust-Based Corporate Governance: Integration of Managerial Accountability and Organizational Integrity Beyond the Tariff Principle

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ABSTRACT

Good corporate governance (GCG) has focused heavily on adherence to formal principles such as transparency, accountability, responsibility, independence, and fairness (TARIF). However, in practice, the application of these principles has not been fully effective in preventing managerial misconduct in various organizations. This article aims to examine the transformation of the GCG paradigm from a compliance-based governance approach to trustbased governance through the integration of managerial accountability and organizational integrity. The underlying phenomenon of this study is the continued prevalence of abuse of authority, moral hazard, and weak internalization of integrity values, despite the formal implementation of TARIF principles. This situation indicates a gap between procedural compliance and organizational ethical practices. This study uses a conceptual approach by reviewing the literature related to accountability, organizational integrity, and trust theory in governance. The results of the study indicate that trust-based governance can complement and strengthen TARIF principles, emphasizing interpersonal relationships, organizational culture, and the internalization of integrity values as a non-formal control mechanism. The integration of managerial accountability and organizational integrity enables the formation of a governance system that is not only procedurally compliant but also substantively ethical. The main contribution of this article is the development of a conceptual model of trust-based governance that goes beyond the traditional GCG approach. This model is expected to serve as a new framework for strengthening the effectiveness of corporate governance in the era of modern organizational complexity.

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INTRODUCTION

Corporate governance or Good Corporate Governance (GCG) has become a key foundation in modern organizational management, particularly in ensuring that companies operate according to the principles of transparency, accountability, responsibility, independence, and fairness (TARIF).

The phenomenon of irregularities in business organizations in Indonesia remains a recurring problem despite the implementation of various oversight mechanisms. The integrity of financial reports, for example, is often questioned due to conflicts of interest, weak internal oversight, and the dominance of certain managerial interests (Eka Anggraeni et al., 2026; Lestari & Maradina, 2026). This indicates that corporate governance has not fully functioned as an effective control system, but remains limited to complying with formal regulations. In many cases, companies have a comprehensive GCG structure, such as an independent board of commissioners, an audit committee, and a transparency policy, yet irregularities persist due to the weak internalization of integrity values.

On the other hand, the development of corporate governance studies shows a paradigm shift from*rule-based governance* going to *value-based governance*. In the traditional approach, GCG emphasizes compliance with formal rules and procedures. However, recent developments have suggested that successful governance is determined not only by compliance but also by the level of trust established within the organization (Murti & Nuswandari, 2025). Trust is crucial because it can reduce oversight costs, increase collaboration, and strengthen the relationship between management and stakeholders.

In the Indonesian context, the issue of trust within organizations is becoming increasingly relevant given the low level of integrity consistency in some business entities. Research shows that governance mechanisms such as managerial ownership, audit committees, and board independence do influence the integrity of financial reporting, but their effects are not strong enough if they are not accompanied by ethical values internalized in the organizational culture (Purwanti, 2025; Gerung et al., 2026). In other words, the formal structure of GCG does not always directly correlate with the ethical behavior of organizational actors.

Furthermore, various studies have confirmed that managerial accountability plays a crucial role in improving the quality of corporate governance. Accountability is understood not only as a reporting obligation but also as a form of moral and professional responsibility of managers for their decisions (Setiowati et al., 2023). However, accountability is often mired in administrative formalities, losing its substantive meaning. As a result, organizations tend to focus on document fulfillment and audits, rather than on strengthening integrity and moral responsibility.

On the other hand, organizational integrity has become an important variable increasingly discussed in modern governance literature. Organizational integrity refers to the consistency between the values, actions, and policies implemented by the organization as a whole. Organizations with high integrity tend to have lower levels of deviance because ethical values have become part of the work culture, not just formal rules (Rachman & Indrabudiman, 2025). However, the main challenge in the Indonesian context is how to systematically internalize this integrity into governance structures and processes.

Another phenomenon that reinforces the urgency of this research is the increasing complexity of the business environment, which demands high levels of flexibility and adaptability from organizations. Under these conditions, a compliance-based GCG approach alone is no longer sufficient, as it is too rigid and administrative. Organizations need a more adaptive and trust-based approach to strengthen internal coordination and enable faster and more ethical decision-making (Setiowati et al., 2023; Murti & Nuswandari, 2025). Trust, in this context, does not mean eliminating control, but rather shifting the focus of control from external mechanisms to value-based internal control.

LITERATURE REVIEW

Furthermore, several recent studies in Indonesia have shown that strengthening integrity- and trust-based governance can improve overall organizational performance. This occurs because trust can create a more stable work environment, reduce internal conflict, and increase employee commitment to organizational goals (Purwanti, 2025; Eka Anggraeni et al., 2026). Thus, trust can be positioned as a complementary mechanism that strengthens the effectiveness of TARIF principles in GCG.

However, studies on the integration of managerial accountability, organizational integrity, and trust within a single governance framework are still relatively limited. Most research focuses on the partial relationship between GCG mechanisms and performance or financial reporting integrity, without examining in depth how trust can serve as a key foundation for governance. Yet, from a modern organizational perspective, trust can be a key variable that bridges the gap between formal structures and actual behavior within an organization.

Based on these conditions, a new conceptual approach is needed that can integrate aspects of accountability, integrity, and trust within a single corporate governance model. This approach is expected to move beyond the traditional GCG paradigm, which is overly compliance-oriented, to a new paradigm that places greater emphasis on values, ethics, and interpersonal relationships within the organization. Thus, governance becomes not only a control instrument but also a system for shaping organizational behavior based on trust.

Considering these various phenomena and research gaps, this study is crucial for developing a trust-based corporate governance model that integrates managerial accountability and organizational integrity. This model is expected to provide a conceptual contribution to the development of GCG literature in Indonesia and serve as an alternative approach to strengthening corporate governance effectiveness in the era of modern organizational complexity.

METHODOLOGY

This study uses a qualitative approach with a conceptual research design that aims to develop a theoretical model of trust-based corporate governance through the integration of managerial accountability and organizational integrity. This approach was chosen because the primary focus of the research is not on empirical hypothesis testing, but rather on developing ideas, synthesizing theories, and developing a new conceptual framework in the field of good corporate governance (GCG).

The data sources in this study are secondary data derived from scientific literature in the form of SINTA-accredited national journals, academic books, research reports, and scientific publications by Indonesian researchers over the past six years (2020–2026). The literature reviewed focuses on the themes of corporate governance, managerial accountability, organizational integrity, organizational culture, and the theory of trust in management. This selection of sources aims to ensure that the studies used are relevant to the latest developments in GCG practice and theory in Indonesia.

Data collection was conducted through library research, which examined, identified, and categorized various relevant previous research findings. This process included searching scientific databases such as Google Scholar, Garuda Kemdikbud, and national journal portals. Each piece of literature was analyzed based on conceptual relevance, consistency of findings, and its contribution to the development of a trust-based governance model.

Data analysis was conducted using content analysis and conceptual thematic analysis. Content analysis was used to identify key patterns in the literature related to GCG implementation, accountability, and organizational integrity. Thematic analysis, meanwhile, was used to group key concepts such as organizational trust, formal control, informal control, and the relationship between ethical values and organizational performance. The results of this analysis were then synthesized to establish conceptual relationships between variables.

Furthermore, this study uses a theoretical synthesis approach to integrate different perspectives into a single, coherent conceptual model. The synthesis is conducted by combining agency theory, stewardship theory, and organizational trust theory to explain how the shift from compliance-based governance to trust-based governance can occur in the context of modern corporations. This integration produces a conceptual framework that positions trust as a reinforcing mechanism within the governance system, rather than merely a complement.

To ensure the validity and credibility of the study's findings, this study employed literature triangulation techniques, comparing research findings from different authors and years to ensure consistency of findings. Furthermore, a critical review was conducted to identify weaknesses, gaps, and potential developments in previous studies.

With this method, this research is expected to be able to produce a conceptual model of trust-based corporate governance that is not only theoretically relevant, but can also be a basis for the development of empirical research in the future and contribute to strengthening good corporate governance practices in Indonesia.

RESULTS AND DISCUSSION

The Transformation of the Good Corporate Governance Paradigm from Procedural Compliance to a Value-Based and Organizational Trust-Based Approach

In the development of corporate governance in Indonesia, the concept of good corporate governance (GCG) was initially built on a foundation of compliance with formal regulations known as the TARIF principles, namely transparency, accountability, responsibility, independence, and fairness. This approach emphasizes the importance of structures, procedures, and strict oversight mechanisms to ensure the organization operates in accordance with regulations. However, in practice, the implementation of procedural GCG has not been fully able to prevent various forms of managerial irregularities such as moral hazard, financial statement manipulation, and conflicts of interest that still frequently occur in various organizational sectors in Indonesia (Purwanti, 2025; Rachman & Indrabudiman, 2025). This condition indicates the limitations of the compliance approach that has been the core of corporate governance.

This phenomenon indicates that GCG should not be understood simply as a formal regulatory system, but also as a system of values embedded within the organization. Many organizations have comprehensive GCG structures, such as independent boards of commissioners, audit committees, and transparency policies, yet still fail to maintain internal integrity. This demonstrates a gap between formal compliance and actual practice. In many cases, compliance is simply implemented to meet regulatory and audit demands, rather than reflecting ethical values truly internalized by organizational actors (Eka Anggraeni et al., 2026; Lestari & Maradina, 2026).

The transformation of the GCG paradigm then began to shift toward a values- and trustbased approach. This approach emphasizes that governance effectiveness depends not only on external control mechanisms but also on the quality of relationships between individuals within the organization, the work culture, and the level of trust established between management and stakeholders. Trust is seen as a fundamental element that can reduce the need for excessive oversight while increasing the efficiency of decision-making (Murti & Nuswandari, 2025). In this context, trust becomes an informal control mechanism that works alongside the formal GCG system.

This paradigm shift is also driven by the increasing complexity of the modern business environment. Organizations today face rapid dynamics, market uncertainty, and high demands for innovation. In these conditions, overly bureaucratic and compliance-based approaches often slow down decision-making processes. Conversely, organizations with high levels of trust tend to be more adaptive, collaborative, and responsive to change (Setiowati et al., 2023; Purwanti, 2025). Thus, trust serves not only as an ethical value but also as a strategic factor influencing organizational performance.

From an academic perspective, this transformation aligns with the shift in governance theory from agency theory, which emphasizes strict control and oversight, to stewardship theory, which emphasizes trust in managers as parties intrinsically oriented toward the organization's interests. In the stewardship approach, managers are viewed not merely as parties to be monitored, but as partners who can be trusted to act in the organization's best interests. This suggests that trust is a key element in reducing oversight costs and increasing governance effectiveness (Rachman & Indrabudiman, 2025).

Furthermore, research in Indonesia shows that organizational culture plays a crucial role in shaping trust within a company. Organizations that instill values of integrity, openness, and social responsibility tend to have lower levels of deviance. This is because these values become part of everyday behavior that relies not only on formal rules but also on individual moral awareness (Lestari & Maradina, 2026; Eka Anggraeni et al., 2026). Thus, organizational culture serves as a crucial bridge in transforming GCG from a merely procedural system to a living value system.

Furthermore, the transformation towards trust-based governance also demonstrates the importance of interpersonal relationships within organizations. Trust between organizational members enables more open communication, more effective collaboration, and reduced internal conflict. In this context, accountability is no longer understood solely as a formal reporting obligation but also as a form of moral responsibility based on mutual trust between individuals within the organization (Setiowati et al., 2023). Thus, accountability becomes more substantive because it is supported by the value of trust.

However, the shift toward a values- and trust-based approach does not eliminate the role of the TARIF principles. Rather, they remain a crucial foundation for corporate governance. What has occurred is a broader perspective, where the TARIF principles are reinforced by the dimensions of trust and organizational integrity. In other words, GCG is no longer solely compliance-based, but has evolved into hybrid governance that simultaneously combines formal and informal mechanisms (Murti & Nuswandari, 2025; Purwanti, 2025).

In the Indonesian context, this transformation is still in its early stages and faces various challenges. One major challenge is the low consistency in the internalization of integrity values across various organizational levels. Many organizations formally implement GCG but have not yet fully established a strong culture of trust. This creates a gap between policy and actual implementation on the ground. Therefore, systematic efforts are needed to strengthen organizational ethics education, values-based leadership, and reward systems that encourage integrity (Eka Anggraeni et al., 2026).

Thus, it can be concluded that the transformation of the GCG paradigm from procedural compliance to a values-based and trust-based approach is a response to the limitations of traditional approaches in addressing the complexities of modern organizations. This approach not only emphasizes the importance of formal structures but also integrates aspects of culture, values, and interpersonal relationships as part of the governance system. This integration is expected to create more effective, adaptive, and sustainable governance in the context of organizations in Indonesia.

Limitations of the Implementation of the TARIF Principle in Suppressing Managerial Deviance and Improving Organizational Integrity.

The implementation of the TARIF principles, consisting of transparency, accountability, responsibility, independence, and fairness, has become the main framework for good corporate governance practices in various organizations in Indonesia. Normatively, these principles are designed to create a governance system capable of minimizing managerial irregularities and enhancing organizational integrity. However, various research findings indicate that the effectiveness of the TARIF principles in practice still faces a number of significant limitations. Although these principles have been structurally implemented in the form of policies, guidelines, and oversight mechanisms, managerial irregularities continue to occur in various forms such as financial statement manipulation, abuse of authority, and conflicts of interest (Purwanti, 2025; Rachman & Indrabudiman, 2025).

One of the main limitations in implementing the TARIF principle is the dominance of a formalistic approach. Many organizations tend to understand TARIF solely as an administrative requirement to be met for auditing and regulatory compliance purposes. As a result, the principle is not fully internalized in the organizational culture. Transparency, for example, is often only manifested in formal reporting without being accompanied by substantive information disclosure. The same applies to the principle of accountability, which is more often understood as a reporting obligation, rather than a moral responsibility for every managerial decision (Setiowati et al., 2023).

This situation indicates a gap between procedural compliance and substantive integrity. In many cases, organizations have comprehensive GCG structures, such as independent boards of commissioners, audit committees, and internal control systems, yet still fail to prevent unethical behavior. This indicates that the existence of formal mechanisms does not always correlate with the quality of organizational integrity. In other words, the TARIF principle is more effective at the structural level, but is not optimal at the behavioral and cultural levels of the organization (Eka Anggraeni et al., 2026; Lestari & Maradina, 2026).

Another limitation is the weak aspects of responsibility and independence in practice. In some organizations, decision-making is still influenced by vested interests, whether from majority shareholders or top management. This results in the principle of independence not being implemented optimally. Furthermore, responsibility is often reduced to a formality of carrying out tasks without any ethical awareness of the impact of decisions made. As a result, managerial decisions are oriented more toward short-term interests than toward organizational sustainability (Murti & Nuswandari, 2025).

From an organizational integrity perspective, the limitations of TARIF implementation are also related to the weak internalization of ethical values within the work culture. Organizational integrity should reflect the alignment between values, policies, and individual behavior within the organization. However, in practice, there are still discrepancies between formally stated values and actual behavior on the ground. This indicates that integrity has not yet become part of a living value system, but rather remains declarative and symbolic (Purwanti, 2025).

Furthermore, external pressures such as performance targets, business competition, and profitability demands also weaken the effectiveness of the TARIF principle. Under certain conditions, managers may be driven to take opportunistic actions to meet short-term targets, even though these actions conflict with good governance principles. This phenomenon reinforces the view that formal control mechanisms are insufficient to control individual behavior without internal controls in the form of values and beliefs (Setiowati et al., 2023; Rachman & Indrabudiman, 2025).

On the other hand, the implementation of TARIF principles also faces challenges in terms of consistency and oversight. Although regulations have established clear standards, their implementation is often inconsistent across organizations. This difference in implementation quality indicates that GCG effectiveness depends heavily on internal organizational commitment, not just external regulations. In this context, the role of leadership is crucial in ensuring that TARIF principles are not only formally adhered to but also internalized in daily practice (Eka Anggraeni et al., 2026).

Furthermore, various studies in Indonesia show that weak organizational integrity is often rooted in the lack of a strong value system within the organization. Without internalized integrity values, the TARIF principle tends to become a technical instrument that is easily manipulated. This gives rise to the phenomenon of "compliance without integrity," namely adherence to regulations without a strong ethical commitment. This condition is one of the main factors why managerial misconduct persists despite the formal implementation of a GCG system (Lestari & Maradina, 2026).

Thus, it is understandable that the limitations in the implementation of the TARIF principles lie not in conceptual weaknesses, but rather in the gap between formal and substantive aspects of implementation. While the TARIF principles remain theoretically relevant as a foundation for corporate governance, in practice they require strengthening through a values-based approach, organizational culture, and trust. Without these elements, the TARIF principles tend to function as an administrative mechanism that is less effective in preventing managerial misconduct and sustainably enhancing organizational integrity.

The Strategic Role of Managerial Accountability in Building a More Substantive and Ethical Organizational Control System

Managerial accountability is a key pillar of good corporate governance, ensuring that every decision, action, and policy taken by managers is accountable to stakeholders. In the context of modern organizations in Indonesia, accountability is no longer understood solely as an administrative obligation in the form of performance or financial reporting, but also as a form of ethical responsibility inherent in every managerial decision-making process. This development indicates a shift in the meaning of accountability from merely a formal control mechanism to a more substantive and value-based control instrument (Setiowati et al., 2023; Murti & Nuswandari, 2025).

In practice, managerial accountability plays a strategic role in building an effective organizational control system. Control systems that rely solely on formal mechanisms such as internal audits, financial reports, and standard procedures are often insufficient to prevent managerial misconduct. This is because these formal mechanisms operate only at the external level, while individual behavior within an organization is heavily influenced by internal factors such as values, integrity, and trust. Therefore, managerial accountability is crucial because it bridges the gap between formal and moral control within an organization (Purwanti, 2025).

In Indonesia, various studies have shown that strengthening managerial accountability can significantly improve the quality of corporate governance, particularly in terms of transparency and more responsible decision-making. However, the effectiveness of accountability depends heavily on the extent to which these values are internalized by managers. When accountability is understood solely as a reporting obligation, its function is limited and tends to be administrative. Conversely, when accountability is understood as a moral commitment, it can serve as a stronger behavioral control than formal mechanisms (Rachman & Indrabudiman, 2025; Eka Anggraeni et al., 2026).

The strategic role of managerial accountability is also evident in its ability to build a more ethical organizational culture. An accountable organizational culture encourages each individual to be accountable not only to superiors or regulators, but also to the organization's values and the interests of broader stakeholders. In this context, accountability extends not only vertically but also horizontally, with each member of the organization monitoring and holding each other accountable. This creates a more transparent and integrity-oriented work environment (Lestari & Maradina, 2026).

Furthermore, managerial accountability also plays a role in strengthening the effectiveness of an organization's internal control system. A strong internal control system relies not only on structures and procedures but also on individuals' commitment to carrying out their duties honestly and responsibly. In this regard, accountability serves as a mechanism that strengthens compliance not through coercion, but through moral awareness. Thus, managerial accountability can reduce an organization's dependence on costly and complex external oversight (Murti & Nuswandari, 2025).

Furthermore, from a modern governance perspective, managerial accountability is also closely related to the concept of organizational trust. Trust and accountability are not contradictory, but complementary. Accountability creates a foundation for clarity of responsibility, while trust fosters flexibility in task execution. When accountability and trust are in balance, organizations can achieve greater efficiency without sacrificing integrity. Conversely, an imbalance between the two can lead to an organization becoming too rigid or too loose in its control (Setiowati et al., 2023).

In the context of managerial irregularities that still frequently occur in Indonesia, strengthening accountability is crucial. Many cases demonstrate that irregularities are caused not only by weak oversight systems but also by a low sense of moral responsibility among decision-makers. This demonstrates that organizational control cannot rely solely on formal instruments but must also be strengthened by a deep internalization of accountability values (Purwanti, 2025; Eka Anggraeni et al., 2026).

However, the implementation of managerial accountability also faces several challenges. One major challenge is the tendency of organizations to formalize accountability in the form of documents and procedures without considering the underlying values. As a result, accountability becomes merely a tool for administrative legitimacy that does not always reflect the true conditions within the organization. Another challenge is the lack of exemplary leadership, who should serve as role models for the consistent implementation of accountability (Lestari & Maradina, 2026).

Thus, it can be concluded that the strategic role of managerial accountability in building a more substantive and ethical organizational control system lies in its ability to connect the formal and informal aspects of governance. Accountability serves not only as a reporting mechanism but also as an instrument for shaping ethical behavior within the organization. When accountability is strongly internalized, the organizational control system no longer relies solely on external rules but also on the moral conscience of the individuals within the organization.

Integration of Organizational Integrity as the Foundation of Work Culture in Realizing Sustainable Corporate Governance

Organizational integrity is a fundamental element in establishing a healthy and sustainable work culture within a company. Integrity is not only defined as adherence to formal rules but also reflects consistency between the values, principles, and behaviors practiced by all members of the organization. In the context of corporate governance in Indonesia, organizational integrity is becoming an increasingly important issue due to the persistent gap between formal good corporate governance (GCG) policies and actual practices in the field. This demonstrates that successful governance is determined not only by the existence of structures and procedures, but also by the extent to which integrity values are truly internalized within the organizational culture (Purwanti, 2025; Rachman & Indrabudiman, 2025).

The integration of organizational integrity into work culture plays a strategic role in creating a consistent, transparent, and trustworthy work environment. A work culture based on integrity encourages every individual to act in accordance with ethical values, even in the absence of direct supervision. This is particularly important in the context of complex modern organizations, where formal oversight mechanisms often cannot encompass all operational activities. Therefore, integrity serves as an internal control mechanism that complements the formal control system within GCG (Setiowati et al., 2023).

In practice, organizational integrity cannot be built instantly but requires a continuous process of internalizing values. This process involves leadership roles, reward systems, and role models within the organization. Leadership with integrity is a key factor in establishing an ethical work culture because leaders serve as role models for all members of the organization. When leaders demonstrate consistency between words and actions, the values of integrity are more easily adopted by other members of the organization (Murti & Nuswandari, 2025).

Research in Indonesia shows that organizations with high levels of integrity tend to have more stable performance and a lower risk of fraud. This is because integrity creates alignment between individual and organizational goals, thereby reducing the potential for conflicts of interest, which are often a major source of managerial fraud. Furthermore, integrity also increases trust among organizational members, ultimately strengthening the effectiveness of coordination and decision-making (Eka Anggraeni et al., 2026; Lestari & Maradina, 2026).

Integrating integrity into the work culture also has direct implications for the sustainability of corporate governance. Sustainable governance focuses not only on short-term compliance with regulations but also on the organization's ability to maintain ethical values and performance over the long term. In this regard, integrity serves as a foundation, ensuring that every organizational decision remains ethical despite external pressures such as market competition, profitability demands, and regulatory changes (Purwanti, 2025).

Furthermore, organizational integrity also plays a role in strengthening the good corporate governance system based on TARIF principles. Although TARIF principles have become the primary standard in corporate governance, their effectiveness depends heavily on a supportive organizational culture. Without strong integrity, the principles of transparency and accountability will become mere administrative formalities. Conversely, when integrity is internalized, TARIF principles can be implemented more substantively because they are supported by the ethical awareness of all members of the organization (Rachman & Indrabudiman, 2025).

From a modern management perspective, organizational integrity is also closely linked to the concept of trust. Trust within an organization cannot be built without consistent integrity. When an organization demonstrates consistency between values and actions, trust from both internal and external stakeholders increases. This trust then becomes crucial social capital in supporting effective governance, reducing oversight costs, and increasing organizational flexibility in decision-making (Setiowati et al., 2023).

However, integrating organizational integrity into work culture also faces various challenges. One major challenge is the continued dominance of short-term results-oriented behavior in many organizations, which often neglects ethical aspects in achieving goals. Furthermore, weak role models and a lack of consistency in upholding values also hinder building a strong culture of integrity. In some cases, integrity values are simply an organizational slogan without concrete implementation in daily behavior (Eka Anggraeni et al., 2026).

Therefore, a more systematic approach is needed to integrate integrity into an organization's work culture. This approach should include strengthening leadership roles, developing an ethics-based reward system, and establishing a work environment that supports openness and honesty. This way, integrity becomes not only a normative value but also an operational and measurable part of the work system.

Thus, integrating organizational integrity as a foundation for work culture plays a crucial role in realizing sustainable corporate governance. Integrity not only strengthens the effectiveness of GCG principles but is also a key element in building trust, reducing misconduct, and ensuring long-term organizational sustainability. When integrity becomes part of the work culture, corporate governance is no longer merely formal but becomes a living value system that guides all organizational behavior.

Formulation of a Conceptual Model of Trust-Based Corporate Governance as an Alternative to Strengthening Modern Good Corporate Governance

The formulation of a conceptual model for trust-based corporate governance emerged in response to the limitations of the good corporate governance (GCG) approach, which has tended to be oriented toward formal compliance. In practice, the application of TARIF principles, encompassing transparency, accountability, responsibility, independence, and fairness, has become the primary standard in organizational management in Indonesia. However, various studies have shown that the implementation of these principles has not been fully effective in preventing managerial misconduct and is not strong enough to build sustainable organizational integrity (Purwanti, 2025; Rachman & Indrabudiman, 2025). This situation indicates the need for an alternative approach that places greater emphasis on the dimensions of values, culture, and social relations within the organization.

The trust-based governance model essentially positions trust as a core element connecting the formal structure of GCG with actual behavior within the organization. Trust is not positioned as a substitute for formal control mechanisms, but rather as a complementary mechanism that strengthens the effectiveness of the organization's control system. In this context, trust serves to reduce the need for excessive supervision and also encourages voluntary ethical behavior among organizational members (Setiowati et al., 2023). Thus, this model shifts the focus of governance from mere compliance-based governance to a more adaptive and values-based trust-based governance.

The integration of managerial accountability and organizational integrity is the main foundation of this conceptual model. Accountability ensures clarity of responsibility in every decision-making process, while integrity ensures that decisions are based on consistent ethical values. When these two elements are connected through trust, a governance system is created that is not only structurally effective but also morally sound. In this case, trust serves as the glue that unites the formal and informal aspects of the organization (Murti & Nuswandari, 2025).

In the Indonesian context, the formulation of this model is also relevant to empirical findings showing that many organizations have comprehensive GCG tools but still experience failure in implementing values. This occurs due to a gap between formal systems and organizational culture. A weak organizational culture causes GCG principles to operate only at the procedural level without addressing behavioral aspects. Therefore, a trust-based model offers a more holistic approach by placing organizational culture as a central element of governance (Eka Anggraeni et al., 2026; Lestari & Maradina, 2026).

Conceptually, a trust-based governance model can be explained through three main components: the formal GCG structure, organizational values, and trust relationships. The formal GCG structure includes mechanisms such as a board of commissioners, an audit committee, and an internal control system. Organizational values include integrity, work ethics, and moral responsibility. Meanwhile, trust relationships serve as a connecting element that ensures that these structures and values can operate harmoniously within organizational practices. These three components interact to create a more balanced governance system between control and freedom (Purwanti, 2025).

Furthermore, this model simultaneously integrates agency and stewardship theory perspectives. From the agency perspective, control remains necessary to mitigate potential conflicts of interest between owners and managers. However, from the stewardship perspective, managers are viewed as trustworthy entities who can act in the best interests of the organization. Integrating these two perspectives within a trust-based framework results in a more flexible and contextual hybrid governance approach suited to the dynamics of modern organizations (Rachman & Indrabudiman, 2025).

The main advantage of this model lies in its ability to reduce an organization's dependence on costly and complex external oversight. By increasing trust within the organization, monitoring costs can be reduced because individual behavior is driven more by internal values than external pressures. Furthermore, this model can increase an organization's responsiveness to environmental changes because decision-making is not hampered by excessive bureaucracy (Setiowati et al., 2023).

However, implementing a trust-based governance model is not without challenges. One key challenge is how to build and maintain a consistent level of trust in complex organizations. Trust cannot be built instantly, but rather through a long process involving consistent behavior, exemplary leadership, and a fair reward system. Without these factors, this model risks becoming a normative concept that is difficult to implement in practice (Murti & Nuswandari, 2025).

Furthermore, the risk of abuse of trust also needs to be considered. In organizations with overly loose controls, trust not balanced with strong accountability can open the door to new irregularities. Therefore, this model maintains accountability as a balancing element to ensure that trust is not abused. Therefore, the balance between trust and control is key to the model's effectiveness (Eka Anggraeni et al., 2026).

Thus, the formulation of a conceptual model of trust-based corporate governance offers an alternative and strengthening approach to modern good corporate governance practices. This model does not reject the TARIF principle, but rather expands it by adding the dimensions of trust and integrity as core elements. Through this integration, corporate governance is expected to be not only administratively effective but also ethically sound and sustainable in the long term.

CONCLUSION AND RECOMMENDATION

This research shows that good corporate governance (GCG)-based corporate governance, which has been dominated by the TARIF principle, still faces limitations in its practical implementation. Although the principles of transparency, accountability, responsibility, independence, and fairness have been structurally implemented in various organizations, managerial irregularities still frequently occur due to weak internalization of values and the dominance of formalistic approaches. This indicates a gap between procedural compliance and substantive integrity in organizational governance in Indonesia.

The study also shows that transforming the GCG paradigm toward a values- and trustbased approach is a critical need to address the complexities of modern organizations. Organizational trust plays a strategic role in strengthening the effectiveness of internal controls, enhancing collaboration, and reducing reliance on formal and bureaucratic external oversight mechanisms. In this context, trust does not replace the TARIF principle, but rather strengthens and complements it within a more adaptive and sustainable governance framework.

Furthermore, managerial accountability and organizational integrity play a crucial role in building a more substantive and ethical control system. Accountability serves not only as a reporting mechanism but also as a form of moral responsibility, while organizational integrity serves as the foundation of a work culture that ensures consistency between values and behavior. Integrating the two within a trust-based system results in a governance model that balances formal and moral control.

Thus, this research produces a conceptual model of trust-based corporate governance as an alternative to strengthening modern GCG. This model positions trust as a core element connecting formal structures, organizational values, and individual behavior. This approach is expected to be a conceptual contribution to the development of corporate governance theory and serve as a basis for further empirical research in the context of more effective and sustainable GCG implementation.

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