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Deconstruction of Agency Theory with "*Bisa Rumangsa*" Culture

Dekonstruksi Teori Agensi dengan Budaya "Bisa Rumangsa"

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Abstract

The study aims to build a new discourse on agency theory with the application of a "*bisa rumangsa*" culture in the implementation of corporate governance in order to achieve good corporate governance. Good corporate governance in Indonesia is hampered due to conflict of interests between managers and owners. Each of these managers and owners must understand the limitations of their rights and obligations. Understanding these limits will be born if they apply the culture of "*bisa rumangsa*". This research is qualitative research with a radical humanist paradigm. The result of the research is a new concept regarding the application of agency theory by using a "*bisa rumangsa*" culture.

Keywords: Agency Theory, *Bisa Rumangsa*, Good Corporate Governance.

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Abstrak

Penelitian ini bertujuan untuk membangun wacana baru tentang teori keagenan dengan penerapan budaya "bisa rumangsa" dalam penerapan tata kelola perusahaan guna mewujudkan tata kelola perusahaan yang baik. Tata kelola perusahaan yang baik di Indonesia terhambat karena konflik kepentingan antara manajer dan pemilik. Masing-masing pengelola dan pemilik ini harus memahami batasan hak dan kewajibannya. Pemahaman akan batasan tersebut akan lahir jika menerapkan budaya "bisa rumangsa". Penelitian ini merupakan penelitian kualitatif dengan paradigma humanis radikal. Hasil dari penelitian ini adalah sebuah konsep baru mengenai penerapan teori keagenan dengan menggunakan budaya "bisa rumangsa".

Kata Kunci: *Teori Agensi, Bisa Rumangsa, Tata Kelola Perusahaan.*

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INTRODUCTION

Corporate governance is important, especially during the global economic crisis that hit almost all over the world. Corporate governance systems can influence the formation of corporate governance systems in different countries, such as regulations, ownership structures, culture and economic environment. The mechanism in implementing corporate governance is a method that can be used to resolve agency conflicts (Destriana, 2011). Go public companies in Indonesia are structured by the separation between owners (shareholders) and managers. Shareholders (principals) will hire other people or managers (agents) to manage the company, which then gives birth to what is called the principals-agents relationship. The principal-agent relationship can lead to agency problems in the company (Jensen & Meckling, 1976). High agency problems exist in companies or countries that are characterized by high uncertainty characteristics such as high industrial growth, emerging markets and developing countries (Munisi *et al*., 2014). Indonesia is an emerging market country, which means that Indonesia is internationally recognized as a country with considerable economic potential.

In general, shareholders or owners want the company to continue to exist and sustain in industrial competition and avoid high agency problems. Therefore, shareholders choose agents who can coordinate the company with good governance. Jensen (1993) explains that the company's board structure is considered a good supervisory instrument for shareholders. The role of the board is very important to monitor management to comply with applicable standards and prevent fraudulent practices and increase company value. However, what often happens in the field is an accounting scandal committed by corporate executives. An example of an accounting scandal was the Toshiba Corporation case in 2015. In this case, Hisao Tanaka (CEO) and Nario Sasaki (Deputy CEO) tried to delay the recording of losses. Corporate executives set realistic profit targets that systematically flawed accounting (Carpenter, 2021; Suzuki & Yamada, 2016). Jensen & Meckling (1976) revealed that a larger board size can reduce the effectiveness of supervision because communication and coordination and the ability of the board to control management can trigger agency problems.

The corporate board structure in Indonesia adheres to a two-tier system which is characterized as a management board and a supervisory board. In a two-tier system, shareholders will appoint a group of company operations managers (management) as well as supervisors and management advisors called commissioners. The company's board structure in Indonesia consists of a board of directors, a board of commissioners and an independent commissioner who is the party that conducts independent monitoring and has no relationship at all with the company and shareholders. Good Corporate Governance (GCG) is mandatory for companies listed on the Indonesian Stock Exchange in order to improve and enhance the economy.

Agency conflicts arise when managers have an obligation to maximize the welfare of shareholders, but on the other hand managers also have an interest in maximizing their welfare through achieving bonuses promised by shareholders. This pooling of interests between managers often creates agency problems or agency conflicts. This agency problem can be mitigated with self-awareness by both managers and owners. Self-awareness is a process of internalizing the information received which in time becomes values that are believed to be true and are realized into daily behavior. Therefore, although self-awareness is more of an attitude, it requires skills to internalize information into values and then manifest it into daily behavior. If it is done in daily life, self-awareness will form a person who is introspective or "*bisa rumangsa*". Dewi (2013) found that group guidance based on local Javanese character values was effective in increasing students' self-

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awareness. Furthermore, a counselor who is able to do so will be "*bisa rumangsa*" (able to feel) and not "*rumangsa bisa*" (feeling able, knowing) (Dewi, 2013).

"*Bisa rumangsa*" is a Javanese local wisdom culture that teaches how people should behave and act with respect, courtesy, tolerance and social care (Widodo *et al*., 2017). "*Bisa rumangsa*" is part of the philosophy of "*rasa*" (taste). Taste as a way of life. In Javanese culture, the word "*rasa*" has a deep feeling, not outwardly but also inwardly. People who realize their potential humbly called "*bisa rumangsa*" (Jatirahayu, 2013). Another study on Javanese culture conducted by Susetya *et al*. (2014) found that subject 1, who had a farmer background, used the expression that as a Javanese, people are concerned with being together with others, should not be "*adigang-adigung-adiguna*", should not be arrogant. As a Javanese, the subject is always "*bisa rumangsa*" and cannot "*rumangsa bisa*", the point is to be introspective not to be ambitious, arrogant and more able to put yourself in a situation.

Agency theory describes the relationship between shareholders as principals and management as agents. Management is a party contracted by shareholders to work in the interests of shareholders. This relationship will lead to different interests between managers and shareholders. Shareholders as providers of funds and other facilities for the operation of the Company have an interest in the security of the funds they invest, on the other hand the agent as the manager of the company who receives salaries and various other compensations so that the decisions taken by managers are expected to be the best decisions for shareholders through increase in company value. As the researcher gave an example in the case of the Toshiba Corporation, to mitigate conflict of interest between the principal and the agent, the author intends to suggest on the application of a culture of "*bisa rumangsa*" in the implementation of corporate governance so that good corporate governance can be achieved.

LITERATURE REVIEW

This research is a conceptual framework for rebuilding agency theory using the Javanese local wisdom "*bisa rumangsa*" culture. Several researchers have offered the concept of local wisdom but no one has linked it to agency theory. Panda & Leepsa (2017) states that economic and financial researchers classify agency problems into three types consisting of: (1) type 1: there are conflict between principal and agent; (2) type 2: there are conflict between majority shareholders and minority shareholders; and (3) type 3: there are conflict between shareholder and creditor. In this article, researcher will discuss about type 1. Type 1 agency conflict occurs because of differences in interests between principals (shareholders) and agents (management). Shareholders want a return on capital that has been deposited while management wants a large amount of salary and incentives. These two different interests can trigger management to take actions that are beneficial to them. For example, management prepares financial reports that are not in accordance with actual conditions (hiding losses) to make profits visible so they will get incentives. An example is the case with PT. Hanson International Tbk., which manipulated financial statements by recognizing revenue using the full accrual method for sales of plots ready to build (KASIBA) worth Rp. 732 billion gross in the financial statements for that period. This revenue recognition led to an overstated December 2016 financial statement with a value of Rp. 613 billion (Sandria, 2021).

Reflecting on this case, it can be said that agency conflicts can trigger unethical behavior. A criticism made of agency theory is that it assumes individuals are motivated by self-interested actions to maximize their own wealth, while generally ignoring or minimizing preferences for other values

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such as fairness and honesty (Mastilak *et al*., 2018). The philosophy of "*bisa rumangsa*" can be applied in the company's organizational culture to prevent unethical behavior that arises as a result of agency conflicts. The feeling of "*rumangsa*" is a precipitate of feeling, trying to see oneself, which begins with self-reflection and the courage to feel the hardships experienced by others. "*Rasa pangrasa*" is a stronghold of Javanese action so as not to violate rules or norms. People always feel that they are being watched over, feel loved and cared for by others. In this way, the humanist attitude is increasingly fostered.

Through a sense of "*rumangsa*" it will be easy to be introspective. People who are good at introspection will act democratically and humanely. The person will be wise and not making it up. In the end they will be "*bisa rumangsa*", that is, be able to feel and not simply "*rumangsa bisa*", that is, feel capable. The attitude of "*bisa rumangsa*" will make himself aware that he is equal to other people, because what feels heavy to him if it befalls others will also feel the same weight (Endraswara, 2013).

Arjuna & Bernawati (2020) research about local wisdom "Kauffshandlung und Wucher" and earnings management practice, found that four values in "Kauffshandlung und Wucher" namely being fair by presenting reasonable information, being sincere to avoiding selfish attitudes, being ready to take risks, and thinking before acting, was reflected in the company accountants who are involved in these earnings management practices. Even though there are several obstacles and are still often under pressure that can violate standards, the company accountant continues to strive to maintain integrity and engage in earnings management practices in accordance with legal restrictions and applicable standards.

Another reseach is from Natalia (2022) about Yudhishthira's value with social responsibility and environmental accounting. This reseach found that social responsibility and environmental accounting governance have reflected Yudhistira's five values, namely: morality, helping, cooperating, humility, and sympathetic. She also found that Yudhisthira's value components have broad impacts on society. It is important to seek justice and social welfare using local wisdom in its management.

Next, Wibowo *et al*., (2022) had reseach about local wisdom of Cut Nyak Dhien and oil and gas revenue' shackles. This research shows that three accounting shackles are limiting the government's space in managing oil and gas revenues. There were difficulty recognizing revenue from oil and gas lifting; burden/spending recognition problems; legal uncertainty in the recognition of state assets from oil and gas cooperation contracts. They also found that The Ministry of Finance acts as an agent of change to carry out the three accounting shackles.

Based on the logic idea and three studies mentioned above, researcher tries to offer a new concept with Javanese local wisdom, that is "*bisa rumangsa*" culture. Author will rebuilding of agency theory with "*bisa rumangsa*" culture. The application of agency theory with "*bisa rumangsa*" culture is expected to be able to create good corporate governance. This concept is a novelty offered to minimize agency conflict within the company.

METHOD

This research is qualitative research with a radical humanist paradigm. The radical humanist paradigm has the view that the reality of society needs to be changed because it is a repression of a certain ideology (Kamayanti, 2016). The radical humanist paradigm is defined by its concern with developing a sociology of radical change from a subjectivist point of view. Its approach to social

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science has much in common with that of the interpretive paradigm, in that it views the social world from a perspective which tends to be nominalist, anti-positivist, voluntarist and ideographic. However, its frame of reference is committed to a view of society which emphasizes the importance of over- throwing or transcending the limitations of existing social arrangements (Burrell & Morgan, 2005).

This study uses a critical study of a concept and phenomenon based on the results of the literature study obtained. The research method uses literature study or library research by referring to various library references without conducting field research (Zed, 2004). Data collection techniques are carried out by reviewing books, literature, magazines, journals, articles, reviews and various other sources that are synergistic with the main problems studied (Suprayogo & Tobroni, 2001). Furthermore, the critical approach is an approach in which there is an evaluation process of an established concept and tries to offer a concept that becomes an alternative for domination (McPhail & Cordery, 2019; Tweedie, 2018).

This method is appropriate to use to reconstruct the agency theory that has been running so far. There are several stages carried out by the researcher, starting from exploring the literature related to "*bisa rumangsa*" culture, then the values contained in the philosophy are linked to agency theory. "*Bisa rumangsa*" teaches to be able to understand, feel and be in someone else's position (Endarwati, 2015). This value will be used to reduce unethical behavior that arises as a result of agency conflicts. The critical literature review method will provide a new concept over existing concepts so that it is hoped that it will reduce agency conflict in order to form good corporate governance in the company.

RESULTS

According to Griffin *et al*. (2017), the definition of corporate governance is the roles of shareholders, directors and other managers in corporate decision making. According to the World Bank (2016), GCG is a collection of laws, regulations and rules that must be met that can encourage the performance of company resources to work efficiently, generating sustainable long-term economic value for shareholders and the surrounding community as a whole. According to FCGI in its first publication using the Cadbury Committee definition, good corporate governance namely a set of regulations governing the relationship between shareholders, management (managers) of companies, creditors, government, employees and other internal and external stakeholders related to their rights and obligations or in other words a system that regulates and controls the company (Rachmawat & Setiawan, 2017). FCGI also explained that the purpose of corporate governance is to create value-added for all stakeholders. OECD (2004) defines corporate governance as one of the key elements in increasing efficiency, economic growth and investor confidence because corporate governance shows a set of relationships between company management, company boards and shareholders and other parties who have an interest in the company. The principles of corporate governance are fairness, transparency, accountability, responsibility and independency.

On the other hand, agency theory is a relationship or contract between the principal (owner) and agent (manager). Jensen & Meckling (1976) revealed that the principal-agent relationship can lead to agency problems in the company. Shareholders (principals) will hire other people or managers (agents) to manage the company. The separation between the owner and the manager can lead to conflict of interests between the two parties. The manager can act something that can benefit himself in managing the company and ignore the interests of the owner. This is what triggers the agency problem. According to Fama & Jensen (1983), agency theory underscores the role of board members

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to monitor management to resolve agency problems between managers and shareholders. Shareholders contribute to the capital and retain ownership. Management makes decisions in accordance with the company's operations, including strategic planning, risk management and financial reporting. On behalf of the shareholders, the board is tasked with overseeing the performance of management as well as correcting inefficiencies in its operations.

Various approaches have been taken to minimize agency problems, one of which is the independent approach expressed by Dalton *et al*. (2007). The presence of an independent board can monitor managers and ensure that their interests do not diverge and their performance is more effective. The role of the board is very important to monitor management to comply with applicable standards and prevent fraudulent practices and increase company value. Jensen & Meckling (1976) revealed that a larger board size can reduce the effectiveness of supervision because communication and coordination and the ability of the board to control management can cause agency problems. Besides that, Fama & Jensen (1983) stated that outside directors will be more effective in monitoring management and provide more expert knowledge and value-added to the company.

The term deconstruction is used by Heidegger (1962) to describe the return of the concept of thought in philosophy. The concept of deconstruction means taking, "changing" (undo), in order to find and show the assumptions behind a text (Barker, 2014). In easier-to-understand language, deconstruction means to disassemble a machine but to reassemble it. Thus, deconstruction has a positive meaning because it not only disassembles the meaning of the text but also builds a new text or discourse with a new meaning that is different from the deconstructed one (Lubis, 2014).

As a culture, "*bisa rumangsa*" can make people aware of their position and responsibilities in an organization. People realize their potential humbly so that they can place themselves properly. Agency theory with agency conflicts that arise due to differences in interests between principals and agents, however, can trigger unethical behavior. This behavior can be mitigated by having a "*bisa rumangsa*" culture in the company. Figure 1 and 2 were depicted the relationship between the three. Deconstruction in this study is intended to build a new discourse on agency theory with a "*bisa rumangsa*" culture. Culture is considered an important behavioral control mechanism of an organization's members (Schein, 1992). In particular, strong culture - that is, a culture in which there is a strong homogeneity of beliefs held throughout the organization - is expected to decrease the cost of controls (i.e., reduce agency costs), and increase financial performance. Sorensen (2002) found strong culture to be less effective in conditions of volatility, but even under these conditions, strong culture is expected to serve a company well by providing a solid rule base.

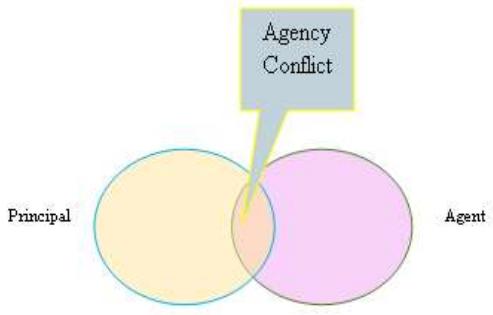


Figure 1. Basic Concept of Agency Theory



Figure 2. Agency Theory with "*Bisa Rumangsa*" Culture

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Discussion

Baron & Byrne (2004) define "self" as an organized collection of beliefs and perceptions of oneself. Self provides a framework of thought that determines how humans process information about themselves, including motivation, emotional state, self-evaluation, abilities and others. Referring to Sedikides & Skowronski (1997), self evolves as an adaptive characteristic. The first aspect that emerges is subjective self-awareness, which involves the individual's ability to distinguish himself from his physical and social environment. The second aspect is objective self-awareness in the form of the individual's capacity to be the object of his or her own attention. The third aspect is symbolic self-awareness, namely the ability to form an abstract self-representation through language.

The social self is built in a relational context with a cultural environment that has a strong influence on the individual. Matsumoto (2004) distinguishes between the social self in collectivistic cultures and individualistic cultures. Individualistic culture forms an independent construct of self, namely the self that focuses on internal attributes that are personal or individual abilities. Self is separated from other people and their environment. In collectivistic cultures, they form an interdependent construct of self. A culture that emphasizes the collective self is very distinctive with the characteristic feeling of being related to one another, even between itself as a micro cosmos and the environment outside itself as a macro cosmos. The normative task of collectivistic cultures is to adapt to fit and maintain interdependence among individuals. Thus, individuals raised in collectivistic cultures are raised to conform to others in a relationship or group, to read other people's intentions, to be sympathetic, to act appropriately and so on. The most important aspect of conscious experience is intersubjective, that is, interpersonally connected.

Sarsito (2006) found in his research that as President of Indonesia, Suharto treated the state and the state as a big Javanese family. He positioned himself not only as the leader or king of the country but also the father of a large family. In a feudalistic Javanese family, the father is not only a figure to be respected but also whose words must be accepted as a guide for all members. Open criticism that is harshly launched at the father will not be allowed, let alone the criticism that tends to corner the father. Such criticism would be deemed inappropriate and against the Javanese philosophy of '*hormat kalawan Gusti, Guru, Ratu lan wong tuwo loro*' (always respecting God, Teacher, King and parents). As a father, Suharto felt obliged to maintain tradition. Therefore, he objected not only to the concept of opposition but also to freedom of expression, especially when it referred to sensitive issues, particularly the leadership of Suharto itself and his successor. He thought that these concepts did not fit the Javanese way of life. Based on this belief, Suharto felt that he had a legitimate right to warn any member of the extended family not to take any action against the principle of '*urmat*' (respect). This was done because he thought that it could endanger the principle of "*rukun*" (harmony) which had become the main goal of the Javanese. Those who do not heed his warnings, he will not hesitate to impose sanctions either by removing them from any political activity or by hitting them hard, usually in the form of arrests, investigations and then sending them to prison. The results of the research show the figure of an agent who controls the principal, namely the president who is supposed to work for the people, instead doing the opposite. This happened because Suharto applied "*rumangsa bisa*" regulate and control everything in Indonesia when he should "*bisa rumangsa*" that he was tasked with maintaining the mandate of all Indonesian citizens.

Susetya *et al*. (2014) in their study said that Subject 2 described himself as a Javanese who had the same position as others who were not Javanese. Even if there are differences with others, namely in terms of feelings, thoughts and actions. As a Javanese, he mostly uses feelings in living his life,

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even thinking with feelings. Often the subject feels difficult to distinguish between feelings and thoughts because they are as a harmony (difficult to distinguish) in every situation and environment. What distinguishes Javanese people from one another is in terms of taste sensitivity. Furthermore, Subject 3, who has a farmer background, emphasized that as a Javanese, he prioritizes harmony, mutual cooperation and mutual assistance to others. The subject is easily felt empathy, if someone has difficulty it is easy to help, what they have, such as agricultural products, will be shared with neighbors who need it.

Furthermore in the research, Susetya *et al*. (2014) found that Subject 5, as a person from the Surakarta (Sragen) area, admitted that he was really a pure Javanese. As a Javanese, he prioritizes eastern customs in the form of "*unggah-ungguh*" or manners such as respect for older people. Besides that, he also doesn't show off about his abilities and knowledge by not being "*rumangsa bisa*". In acting, he is also introspective, really doing introspection before acting. This research shows how strongly culture influences human behavior in everyday life. There is a self-awareness in the individual that he lives as part of a group where he must have a role in maintaining. This care is carried out by helping each other, always being humble and always being "*bisa rumangsa*".

Setiyadi's (2013) study on the discourse of the Serat Kālātidhā macapat song shows that the song contains expressions that become Javanese cognition systems and cultural symbols in the form of education or "*piwulang*". "*Piwulang*" relates to character education in relation to religion, ethics, morals, daily attitudes and government attitudes. A good education should be a model whereas a bad one can be used as knowledge which can someday be used as an alternative solution to a particular problem. The knowledge implied in the song then becomes Javanese local wisdom and culture. The expression implied in the song spread to the Javanese people at large because they sang the song. They, then, study it by heart and subconsciously reflect the meaning of the expressions contained in the song. The results indicate that culture affects the works produced by the community. These cultures must be sorted and then selected which should be used as role models or vice versa, only stored as knowledge. If a work contains a culture that can be used as a role model, people will subconsciously learn and apply it in their daily life.

At this stage, people can see how belief in God has become a core source of values among traditional Javanese people and how they have been further developed into norms of daily behavior. Believing that the spiritual center has designed the people's cosmos in a certain balance, which must be maintained in order to create peaceful, harmonious relationships with other people and the surrounding environments are very important. This search for harmony is manifested in their way of social interaction, which places great emphasis on self-awareness and its place in society in relation to God and sensitivity and empathy for one another. This seems sufficient to explain that what many Javanese do to maintain 'harmony' is not meant to be something 'hypocritical' because they are very aware that 'harmony' is not just something that is material, 'physical/shallow' (Murtisari, 2011). Then, that in every human being wants a harmonious life. This harmonization will be realized if they have self-awareness of "*bisa rumangsa*" and are not hypocritical among each other.

Supeni (2019) found that there was an equality of views on Ki Hajar Dewantara's leadership values: "*Ing ngarsa sung tuladha*", example, discipline, and consistency with the rules that have been set together; "*Ing madya mangun karsa*", encouraging and mobilizing creativity in subordinates, motivational behavior; "*Tut wuri handayani*", gave motivation and encouragement to teachers, students and school employees. In practical implications, it shows that there is a role model who describes the role of a main leader is the totality of several synergistic dimensions between the ideas,

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feelings and actions of a leader, in the theological (spiritual) dimension implied by the teachings of Wulang Reh, the philosophical dimension implied by the teachings of Hasta Brata, dimensions humanist implied by the teachings of Mangkunegara, and the behavioral dimension implied by the teachings of Ki Hajar Dewantara. The results of this research on Ki Hajar Dewantara's teachings show that agents (supervisory boards) should be able to be role models by other agents (executive boards). The executive board can mobilize the creativity of managers, supervisors and their staff. The last teaching presents that the principal (owner) must be able to motivate his agents.

Based on the results of the researchs above regarding culture, it can be said that culture has an important role in an organization (government, community, company). Culture of "*bisa rumangsa*" contains human values. This culture is advice for a person to grow into a person who is humble, respectful, polite, tolerant, and respects others. The attitude of "*bisa rumangsa*" will have a positive influence, both on oneself and others. First, for himself, he does not fall into euphoria, a culture of self-criticism that actually has personal, group, or group self-interest. Second, he is always driven to always do something that relieves or pleases the hearts and feelings of other people so as to provide a peaceful, serene atmosphere for social interaction.

"*Bisa rumangsa*" has a moral content related to advice so that someone avoids being arrogant or haughty and looking down on others. "*Bisa rumangsa*" also teaches self-awareness which can be done by: (1) "*nandhing salira*", meaning comparing one's own strengths and weaknesses with others so that one does not always feel superior, and is expected to be more capable of self-purification; (2) "*ngukur salira*", meaning being able to measure other people by himself or measure himself by the perspective of other people. In this way people are able to feel what other people are feeling, so they can be more alert in taking a stand because other people will do the same thing to us; (3) "*tepa salira*", which means being able to feel what other people feel or in other words the measure of other people's joys and sorrows is measured by themselves; (4) "*mulat salira*", people are able to find their identity or characteristics that differentiate them from other people (Endraswara, 2013).

The belief that there are no stable living conditions in the world (meaning it is always on the move), people see the need to give advice so that someone can be humble. While being a leader or holding a position, respect subordinates. Later, if we become subordinates and other people have the opportunity to occupy positions, we will be treated as well and valued as we have treated and valued them. Leaders who can be preoccupied (can feel the situation being led) can create a clear structure even though those being led are facing complicated situations (structuring the situation). Leaders who can thrive are sure to think imaginative and abstract analogies. That is, such a leader is empathetic (can feel the feelings or circumstances of other people) and can imagine various situations that are or will be experienced by the person or institution he leads.

On the other hand, the principle of agency theory is stating that there is a relationship or contract between the party giving the authority (principal), namely the shareholder and the party receiving the authority (agent), namely the manager or manager of the company. Agency conflicts arise when managers have an obligation to maximize the welfare of shareholders, but on the other hand managers also have an interest in maximizing their welfare through achieving bonuses promised by shareholders. This pooling of interests between managers often creates agency problems or agency conflicts. Differences in interests make the parties try to find loopholes to gain benefits for each of them.

At the individual level, the self-fulfillment of agency theory is alleged to go beyond merely influencing individuals to make economic decisions as the theories predict. Rather, critics allege, the

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self-fulfillment of agency theory extends to individuals' ethical behavior as well. This occurs because agency theory generally assumes that individuals are motivated by self-interest and act to maximize their own utility for wealth, with limited regard for factors outside their self-interest. Even economic game theory, which explicitly considers interactions among individuals, generally treats those interactions as "strategic". That is, an actor only considers others' desires and actions insofar as doing so will help that actor maximize his own outcome in the strategic game (Mastilak *et al*., 2018).

Agency theory states that, in a public corporation, there exists a central problem with regard to shareholders' interests: top management does not always act to maximize shareholders' return on investment. A corporation's senior executives encounter only the most difficult moral dilemmas that exist in the organization; they may often have no choice but to create a new moral code to resolve a situation. This explains why high moral character is important for managers to possess, as the creation of new moral codes through the resolution of moral dilemmas is an important function of management (Kulik, 2005). As shown in Figure 2, the space for agency conflict can be filled with a "*bisa rumangsa*" culture by all levels of management. Implementation of this culture will change agency conflict into agency culture. If this culture takes root, the company will have social capital that can be used as a means of strengthening company harmonization. Thus, the concept of agency theory is reconstructed with the application of a "*bisa rumangsa*" culture.

CONCLUSION

Self is strategic to understand how cultural values still affect social life. Social identity is very important to confirm the existence of individuals or social groups. Self is a component of social identity. When the individual already has a social identity, he or she will act "*bisa rumangsa*". "*Bisa rumangsa*" culture contains humanity values humble, respectful, polite, tolerant, respects others and self awareness. These values are expected to mitigate agency conflict. Agency theory which contains agency conflict needs to be deconstructed because it should be agency is not to fight the interests of agents and principals but to unite them. Agents and principals have mutual self-awareness that they need each other. They must unite and rely on each other in order to achieve the goals of both parties to the fullest. This is because the existence of a human being is actually to fulfill other humans. Awareness of this behavior can be achieved by having a "*bisa rumangsa*" culture in the company. This attitude can be applied in everyday life so that good corporate governance will be achieved.

However, "*bisa rumangsa*" culture is not easily achieved. Being aware of one's capacity is the key to achieving deconstruction of agency theory. This attitude must be owned by every individual in the company. Even so, the concept offered in this article has several limitations, namely it does not yet provide concrete examples up to the technical level (indicators and measures) of "*bisa rumangsa*" culture implementation in companies. It is not possible to make standard measures and indicators due to the different characteristics of human resources for each company. In addition, the relativity of the relationship between staff and superiors as well as management and shareholders cannot be equated. It is important for companies to pay attention to how to minimize the agency conflict.

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