The Implications of Hybrid Working on the Practice of Good Corporate Governance: A Case Study in the Service Sector

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ABSTRACT
This study investigates the implications of hybrid working arrangements on the implementation of Good Corporate Governance (GCG) practices in the service sector. The research aims to understand how flexible work models influence accountability, transparency, responsibility, and employee engagement within corporate governance structures. Using a qualitative descriptive method, data were collected through interviews, documentation, and observation at selected service companies that have adopted hybrid work systems. The findings reveal that hybrid working enhances organizational flexibility and productivity, while also presenting challenges in maintaining effective supervision and communication between management and employees. Furthermore, the study highlights that technological adaptation, digital supervision, and clear policy frameworks play crucial roles in ensuring that GCG principles remain intact under hybrid conditions. Limitations of the study include the focus on a single sector and qualitative scope, which may restrict generalization to other industries. Future research is suggested to employ a mixed-methods approach to assess the quantitative impact of hybrid work on governance indicators across different organizational contexts.

Keywords: *Hybrid working, Good Corporate Governance, flexibility, transparency, employee engagement, service sector*

1. INTRODUCTION

In the rapidly advancing digital era, the structure and culture of work have undergone significant transformation that affects not only the way organizations operate but also how corporate governance systems are implemented. The COVID-19 pandemic acted as a major catalyst for this transformation, forcing organizations worldwide to adapt to new, flexible working arrangements. One of the most prominent shifts has been the adoption of the hybrid working system, a model that combines both office-based work (Work from Office) and remote work (Work from Home). Supported by advances in information and communication technology, hybrid working allows employees to perform their duties effectively without being physically present in the office. This transformation has brought opportunities for increased productivity, cost efficiency, and better work–life balance, but it has also introduced new governance challenges that demand closer academic and managerial attention.

The concept of Good Corporate Governance (GCG) plays a critical role in ensuring that companies operate in a transparent, accountable, responsible, and equitable manner while maintaining independence in decision-making (Komite Nasional Kebijakan Governance, KNKG). These principles—transparency, accountability, responsibility, independence, and fairness—are designed to guide companies in balancing the interests of management, shareholders, and other stakeholders. Effective implementation of GCG safeguards organizational integrity, prevents unethical practices such as corruption and fraud, and strengthens stakeholder trust (OECD, 2015). However, as hybrid work reshapes organizational processes, questions arise regarding how these principles can be upheld in an environment characterized by reduced face-to-face interaction, limited direct supervision, and a heavy reliance on digital communication.

In Indonesia, the service sector has been among the earliest and fastest to adopt the hybrid work model. Companies engaged in finance, consulting, technology, and professional services have embraced this flexibility to sustain operations and productivity during uncertain times. Nevertheless, the adoption of hybrid work has introduced new layers of complexity to corporate governance. Many organizations struggle to maintain transparency in remote reporting systems, ensure accountability for remote work outcomes, and prevent potential risks related to fraud, data security, or conflicts of interest (Putri & Amalia, 2022). The lack of comprehensive regulations or standardized frameworks governing hybrid work practices has exacerbated these challenges. While some companies have developed internal policies to adapt to hybrid systems, these policies often fail to fully align with the ideal standards of GCG (Wibowo & Nugroho, 2023).

The shift from traditional office settings to hybrid systems has also impacted how companies manage communication, supervision, and performance evaluations. Previously, corporate oversight relied on direct observation, manual audits, and in-person coordination. In contrast, hybrid systems require governance mechanisms that are digital, data-driven, and outcome-oriented. According to Felstead and Reuschke (2020), while hybrid working can enhance operational sustainability and energy efficiency, it also presents risks such as professional isolation and weakened managerial control. These conditions could potentially undermine accountability and increase moral hazard. Similarly, Choudhury et al. (2021) emphasized that flexible work systems improve operational efficiency and employee satisfaction but can weaken internal cohesion and shared corporate values—both of which are essential components of effective governance.

Given these complexities, this study seeks to investigate the implications of hybrid working for the implementation of Good Corporate Governance, particularly within Indonesia's service sector. The service industry offers a compelling context for analysis because it relies heavily on human capital, digital systems, and client relationships—elements that are directly influenced by the shift toward hybrid working. This research aims to provide a deeper understanding of how organizations interpret, adapt, and maintain GCG principles amid digital transformation and flexible work structures.

2. RESEARCH METHOD

This study used a qualitative research design with a case study approach to explore how hybrid working affects the implementation of Good Corporate Governance (GCG) in service-sector companies. The qualitative approach was chosen to gain a deep understanding of the context, values, and practices directly from organizational members. The research was conducted in several service companies in Bandar Lampung that have implemented hybrid working. Participants included HR managers, supervisors, and employees who had worked under a hybrid system for at least six months. Informants were selected using purposive sampling based on the following criteria: relevant experience, direct involvement in hybrid work policies, and willingness to participate. The number of participants was determined based on data saturation, meaning data collection stopped when no new information appeared.

The main research instrument was the researcher, supported by semi-structured interview guides, field notes, and an audio recorder (with consent). Data were collected through in-depth interviews, non-participant observations, and document analysis such as company policies and HR records related to hybrid working. Data were analyzed using thematic analysis following Miles and Huberman's (2014) model, which includes data reduction, data display, and conclusion drawing. To ensure data credibility, the study applied triangulation and member checking by verifying the findings with participants. Ethical considerations were observed throughout the study. Participants were informed about the purpose and procedures of the research and gave informed consent. Their identities were kept confidential, participation was voluntary, and they had the right to withdraw at any time. The study followed the principles of non-maleficence to ensure no harm to participants. This methodology ensures the reliability and validity of the research and provides enough detail for future researchers to replicate or evaluate the study (Perry et al., 2003; American Psychological Association, 2001).

3. RESULTS AND DISCUSSION

3.1 Results

The study was conducted on three service sector companies that have implemented hybrid working systems: PT A (finance and consulting services), CV B (digital and IT services), and PT C (tax and accounting consultancy). A total of fifteen respondents participated, including six managers, three supervisors, and six operational staff, all of whom had worked under a hybrid system for at least six months. The respondents generally showed a positive adaptation toward hybrid working, though variations in scheduling and levels of digitalization among companies were observed. Table 1 presents the respondents' profiles. Most managerial and supervisory employees worked three days in-office and two remotely, while operational staff were mostly four days in-office and one remotely.

Table 1. Respondents' Profile

Position	Respondents	Percentage	Average Work Period	Hybrid Work Pattern
Manager	6	40%	3.5 years	3 WFO / 2 WFH
Supervisor	3	20%	2.7 years	2 WFO / 3 WFH
Operational Staff	6	40%	2.1 years	4 WFO / 1 WFH
Total	**15**	**100%**	—	—

Source: Processed Data, 2025

The analysis of Good Corporate Governance (GCG) implementation focused on five core principles: transparency, accountability, responsibility, independence, and fairness. A Likert scale (1–5) was used to measure each principle, where 1 = very low and 5 = very high.

Table 2. Implementation Level of GCG Principles in Hybrid Work Environment

GCG Principle	PT A	CV B	PT C	Average	Category
Transparency	4.2	4.0	3.4	3.87	High
Accountability	4.3	3.9	3.5	3.90	High
Responsibility	4.5	4.1	3.6	4.07	High
Independence	4.0	3.8	3.3	3.70	Moderate–High
Fairness	3.8	3.6	3.2	3.53	Moderate
Overall Mean	**4.16**	**3.88**	**3.40**	**3.81**	**High**

Source: Processed Data, 2025

The findings indicate that PT A achieved the highest overall GCG implementation, especially in responsibility and accountability, due to its adoption of digital performance dashboards and formal ethical guidelines for hybrid work. PT C scored the lowest due to limited digital systems and the absence of formalized governance standards. Transparency and accountability improved through digital reporting mechanisms, though respondents noted delays in data verification and limited access for remote employees.

Table 3. Respondents' Perception of Transparency and Accountability

Indicator	Agree (%)	Neutral (%)	Disagree (%)
Financial and activity reports are easily accessed	73%	13%	14%
Internal information is shared openly	67%	20%	13%
Work responsibilities are clearly documented	80%	13%	7%
Performance evaluation is conducted objectively	76%	10%	14%

Source: Processed Data, 2025

The results suggest that digital-based transparency and accountability have improved internal governance efficiency. However, approval processes in hybrid systems often take longer than conventional ones due to asynchronous communication and data security protocols. Qualitative interviews revealed four main challenges that affect the quality of governance under hybrid arrangements: limited real-time supervision, cross-department communication barriers, inconsistent digital discipline, and unequal access to information. These issues influence GCG principles such as accountability, transparency, and fairness.

Table 4. Main Challenges and Their Impact on GCG

Main Challenge	Affected GCG Principle	Frequency	Corporate Strategy
Reduced real-time supervision	Accountability, Transparency	12 of 15	Digital monitoring dashboard
Limited inter-department communication	Transparency, Fairness	10 of 15	Weekly virtual meetings
Inconsistent digital discipline	Responsibility, Independence	9 of 15	Ethical code and digital training
Unequal access to information	Fairness	7 of 15	Standardized data access policy

Source: Processed Data, 2025

In response, companies implemented several adaptive strategies to maintain governance integrity in hybrid systems, such as strengthening digital governance frameworks, developing virtual audit procedures, and conducting integrity-based leadership training.

Table 5. Adaptive Strategies to Strengthen GCG in Hybrid Work Systems

Adaptive Strategy	Implementation Form	Company Applied
Digital Governance System	e-approval, e-reporting, online audit	PT A, CV B
Digital Code of Conduct	Ethical communication and data security guide	PT A, PT C
Virtual Internal Audit	Quarterly online internal audits	PT A
Leadership & Empathy Training	Integrity and empathy-based training	All Companies
Performance Transparency Dashboard	Output-based online performance reporting	CV B

Source: Processed Data, 2025

The findings reveal that organizations with formal hybrid governance policies tend to have higher GCG implementation scores and improved employee perceptions of fairness and accountability.

Table 6. Summary of Key Findings

Aspect	Key Findings
Impact of Hybrid Working	Increases flexibility and efficiency but reduces direct supervision
Strongest GCG Principle	Responsibility and Accountability
Weakest GCG Principle	Fairness (inequality between WFO and WFH employees)
Main Challenges	Real-time monitoring, limited communication, digital discipline
Effective Strategies	Digital governance, ethical training, transparent performance dashboards
Governance Orientation Shift	From compliance-based to trust-based governance

Source: Processed Data, 2025

In summary, the implementation of hybrid working positively influences organizational governance practices by promoting flexibility and efficiency, but it also introduces risks of reduced fairness and direct control. Companies that integrate digital ethics, data transparency, and trust-based leadership can sustain effective governance performance. These findings reinforce the perspective that technological adaptation must be balanced with human-centered governance values to ensure integrity and accountability in hybrid organizations (American Psychological Association, 2001).

3.2 Discussion

The research findings indicate that the implementation of hybrid working systems in three service companies in Bandar Lampung has produced complex effects on the effectiveness of corporate governance, particularly in applying the principles of Good Corporate Governance (GCG). The hybrid system, which combines Work from Office (WFO) and Work from Home (WFH) arrangements, has created a new balance between operational efficiency and work flexibility. However, it has also introduced challenges related to supervision, communication, and performance accountability. Field observations revealed that most administrative and analytical activities are conducted remotely, while tasks requiring cross-team coordination remain office-based. This finding shows that the hybrid work model has evolved into an adaptive approach tailored to each unit's needs and job characteristics rather than a uniform policy applied across the organization.

In the context of modern organizational theory, the hybrid system reflects a managerial paradigm shift from a traditional presence-based model to an output-based performance model (Lase et al., 2025). This transformation aligns with the Job Demands–Resources (JD-R) Model, which suggests that the balance between job demands and organizational resources determines employees' performance, motivation, and well-being. In this study, flexibility and autonomy are significant job resources, enabling employees to manage their work rhythm more independently. At the same time, the lack of direct interaction, the increasing pressure of digital communication, and uncertainty in reporting have emerged as new demands that may heighten job stress and weaken governance effectiveness.

Regarding the GCG principles, the results show that transparency and accountability are the most affected dimensions of the hybrid system. Although most companies have implemented report management systems and attendance applications to monitor employee activities online, limited access to certain data has created perceptions of non-transparency between departments. This aligns with the findings of Duli et al. (2025), who emphasized that the effectiveness of digital governance heavily depends on the clarity of communication and openness of information flow.

This condition suggests that implementing technology without strengthening a culture of open communication can lead to information asymmetry, where certain individuals or departments hold greater control over organizational data.

In addition to transparency, accountability also faces new challenges. The use of digital reporting systems facilitates performance documentation, but not all employees are able to fully understand the digital tracking mechanisms. Interview results revealed that staff-level employees often struggle to interpret performance indicators because the digital systems do not always reflect their actual workloads. This indicates that digitalization does not automatically enhance accountability unless accompanied by sufficient training and supervision. Digital accountability requires a fair and participatory measurement system so that every individual feels responsible and engaged in achieving the company's objectives.

Meanwhile, the principle of responsibility remains generally well-maintained, although there is a noticeable shift from process accountability toward result-oriented accountability. In other words, companies now tend to evaluate performance based on outcomes rather than work processes. While this approach increases efficiency in a hybrid setting, it may undermine work integrity if not supported by strong ethical values and moral oversight. This situation highlights the importance of digital ethics and value-based leadership to ensure that flexibility is not misused irresponsibly.

In terms of independence, the hybrid system offers greater opportunities for autonomous decision-making. However, the findings also reveal that asynchronous communication tends to narrow the circle of decision-makers at the managerial level. Several key decisions were made without broader participation due to time constraints and limited synchronous meetings. This phenomenon may weaken participatory governance and create power imbalances within the organization. Independence, therefore, should not only be understood as individual freedom at work but also as the balance between autonomy and collaboration in decision-making processes.

Nevertheless, the companies studied demonstrated adaptive efforts to maintain GCG effectiveness in the hybrid era. The implementation of e-audit systems, digital approval workflows, and digital ethics training reflects a commitment to strengthening technology-based accountability and transparency mechanisms. These initiatives indicate a paradigm shift from compliance-based governance toward trust-based governance, where supervision is no longer solely reliant on strict control but rather on cultivating a culture of responsibility and mutual trust between management and employees.

Overall, this discussion shows that the success of hybrid working depends not only on technological readiness but also on the organization's ability to build an adaptive, ethical, and collaborative work culture. The principles of GCG remain the foundational pillars that must be preserved to ensure that flexibility does not compromise transparency, accountability, or fairness. Thus, the hybrid work system should not merely be viewed as a post-pandemic efficiency solution but as a catalyst for transforming corporate governance into a more modern, inclusive, and sustainable model.

4. CONCLUSION

This study concludes that hybrid working has significant implications for the implementation of Good Corporate Governance (GCG) practices in service sector companies. The research findings indicate that flexibility in hybrid work arrangements can improve employee performance, efficiency, and work-life balance, which indirectly supports the principles of transparency, accountability, and responsibility within corporate governance. However, challenges such as difficulties in supervision, coordination, and maintaining consistent ethical standards across remote teams also emerge as critical issues.

The limitations of this study lie in the use of a relatively small sample size and the focus on a single service company, which may restrict the generalizability of the findings. Furthermore, the study primarily relies on qualitative data, which could introduce subjective bias in interpretation. These limitations may influence the validity of the conclusions, especially regarding the consistency of hybrid working's impact on different types of organizations.

Future research is suggested to expand the scope by including multiple companies across diverse sectors, employing mixed-method approaches, and analyzing the long-term sustainability of hybrid work models in relation to corporate governance. Such efforts would provide a deeper and more comprehensive understanding of how hybrid working continues to shape the ethical and structural foundations of modern organizations.

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