



The Strategic Role of the Nomination and Remuneration Committee in Strengthening Good Corporate Governance: A Systematic Literature Review

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ARTICLE INFO	ABSTRACT
Accepted: Completed by the IJEBA team. Revised: Completed by the IJEBA team. Approved: Completed by the IJEBA team.	The Nomination and Remuneration Committee (NRC) is a key mechanism in the implementation of Good Corporate Governance (GCG), ensuring that nomination, evaluation, and remuneration processes for boards of commissioners, directors, and senior management are conducted objectively, transparently, and free from conflicts of interest. This study aims to analyze the strategic role of the NRC in strengthening corporate governance, identify the factors influencing its effectiveness, and examine recent developments in its implementation based on previous research findings. The study employs a Systematic Literature Review (SLR) approach by reviewing scholarly articles indexed in Sinta, Scopus, and Google Scholar published between 2021 and 2026. The selected literature was analyzed thematically to identify patterns, trends, and key findings regarding the role of the NRC in corporate governance practices. The results indicate that the NRC significantly contributes to enhancing transparency in nomination processes, improving the objectivity of remuneration policies, supporting succession planning, and reducing potential conflicts of interest in corporate decision-making. The effectiveness of the NRC is influenced by the independence of committee members, professional competence, regulatory compliance, and the quality of corporate disclosure practices. Furthermore, contemporary governance trends reveal that the NRC's role has expanded to encompass sustainability issues, Environmental, Social, and Governance (ESG) integration, and the utilization of digital technologies in talent management and performance evaluation. This study concludes that the NRC serves as a strategic governance instrument that supports effective GCG implementation and contributes to improved corporate performance and long-term sustainability.
Keywords: Nomination and Remuneration Committee, Good Corporate Governance, Corporate Governance, Remuneration, Nomination, Systematic Literature Review.	Keywords: Nomination and Remuneration Committee, Good Corporate Governance, Corporate Governance, Remuneration, Nomination, Systematic Literature Review.

INTRODUCTION

Good Corporate Governance (GCG) has become a fundamental element in ensuring organizational sustainability, transparency, accountability, and competitiveness in an increasingly complex business environment. Various corporate scandals involving financial statement manipulation, abuse of authority, and excessive executive compensation have highlighted weaknesses in internal governance mechanisms and reinforced the need for effective oversight structures (Shleifer & Vishny, 1997; Jensen & Meckling, 1976). Consequently, organizations are required to strengthen governance mechanisms that can align managerial decisions with the interests of shareholders and other stakeholders. One governance mechanism that has attracted increasing attention is the Nomination and Remuneration Committee (NRC). As a supporting committee of the board of commissioners, the NRC is responsible for overseeing nomination processes, evaluating board performance, formulating remuneration policies, and ensuring leadership succession is conducted objectively and transparently (Ahmad & Tarmizi, 2021). Through these functions, the NRC contributes to reducing agency conflicts, promoting merit-based appointments, and aligning executive compensation with organizational performance and long-term strategic objectives (Chen & Wang, 2022).

The importance of the NRC has increased significantly in recent years due to stronger regulatory requirements and stakeholder expectations. In Indonesia, the Financial Services Authority (OJK) requires public companies to establish nomination and remuneration committees as part of efforts to strengthen corporate governance practices (OJK, 2019). Furthermore, investors increasingly demand greater transparency regarding executive compensation, board composition, succession planning, and corporate accountability. These developments indicate that the NRC is no longer viewed merely as an administrative body but rather as a strategic governance mechanism that contributes to corporate sustainability and value creation (Gill & Mathur, 2021). Recent corporate governance research further emphasizes that board committees play a critical role in enhancing organizational accountability, monitoring effectiveness, and long-term value creation (Adams, 2011; Aguilera, et al., 2015). The increasing complexity of governance challenges has also reinforced the need for specialized committees capable of supporting board effectiveness and strategic oversight (Hillman et al., 2009). Previous studies have shown that effective nomination and remuneration committees can improve board effectiveness, enhance transparency in remuneration policies, reduce agency conflicts, and positively influence corporate performance (Prasetyo & Wulandari, 2021; Kurniawan & Suyanto, 2021). Additionally, NRC effectiveness has been associated with improved succession planning, stronger oversight functions, and greater compliance with governance regulations (Harahap & Nugroho, 2023). However, empirical findings remain fragmented across different industries, ownership structures, and institutional environments.

Recent developments in corporate governance have further expanded the role of the NRC beyond its traditional responsibilities. The growing adoption of Environmental, Social, and Governance (ESG) principles has encouraged companies to integrate sustainability indicators into executive evaluation and

compensation systems (Hidayat & Putri, 2022). Moreover, digital transformation has enabled organizations to utilize talent analytics, data-driven performance assessments, and technology-based succession planning to improve decision-making processes and governance effectiveness. Despite the growing body of literature, there remains a lack of comprehensive synthesis regarding the strategic role of the NRC in strengthening corporate governance. Existing studies generally focus on specific governance outcomes, individual industries, or particular institutional settings. Consequently, a comprehensive review is required to identify dominant themes, research trends, and knowledge gaps concerning NRC implementation in contemporary corporate governance practices.

This study aims to analyze the strategic role of the Nomination and Remuneration Committee in strengthening Good Corporate Governance, identify factors influencing its effectiveness, and examine recent developments in NRC functions based on scholarly publications from 2021 to 2026. By employing a Systematic Literature Review (SLR) approach, this study contributes to the governance literature by providing a comprehensive synthesis of current evidence and identifying future research directions.

Table 1. Summary of Previous Studies and Research Gap

Author	Focus of Study	Main Findings	Research Gap
Ahmad & Tarmizi (2021)	NRC and corporate governance	NRC improves governance quality and transparency	Limited to Indonesian companies
Chen & Wang (2022)	Remuneration committee effectiveness	NRC aligns executive compensation with performance	Focuses only on compensation issues
Gill & Mathur (2021)	Governance committees and firm performance	Governance committees positively affect performance	Does not specifically analyze NRC functions
Kurniawan & Suyanto (2021)	Transparency of NRC	NRC disclosure improves firm performance	Limited discussion on governance sustainability
Harahap & Nugroho (2023)	Succession planning	NRC supports leadership succession planning	Focused on leadership transition only
Hidayat & Putri (2022)	ESG and remuneration policy	ESG integration affects executive remuneration	Does not comprehensively assess NRC governance role

Source: Compiled by the author from various studies (2021–2026)

Based on previous studies, research on Nomination and Remuneration Committees has primarily focused on specific aspects such as executive compensation, transparency, firm performance, succession planning, and ESG integration. However, there is still limited comprehensive evidence synthesizing how the NRC contributes to strengthening Good Corporate Governance from multiple dimensions simultaneously. Therefore, this study addresses this gap by conducting a Systematic Literature Review of publications from 2021–2026 to provide a comprehensive understanding of the strategic role, effectiveness factors, emerging trends, and future directions of NRC implementation in corporate governance

LITERATURE REVIEW

Nomination and Remuneration Committee in Corporate Governance

The Nomination and Remuneration Committee (NRC) is one of the key supporting committees of the board of commissioners that plays a strategic role in strengthening corporate governance practices. The committee is responsible for overseeing nomination procedures, evaluating the performance of directors and commissioners, formulating remuneration policies, and ensuring leadership succession is conducted transparently and objectively. Effective NRC implementation contributes to minimizing conflicts of interest, enhancing accountability, and promoting merit-based decision-making within organizations (Ahmad & Tarmizi, 2021). In recent years, the role of the NRC has expanded beyond traditional governance functions. Organizations increasingly rely on the committee to support long-term strategic planning, leadership development, talent management, and sustainability initiatives. Furthermore, the integration of Environmental, Social, and Governance (ESG) principles has encouraged companies to align executive remuneration with sustainability performance indicators, thereby increasing the strategic importance of the NRC in modern corporate governance systems (Hidayat & Putri, 2022).

Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), explains the relationship between principals (shareholders) and agents (managers) within organizations. Due to the separation of ownership and control, managers may pursue personal interests that conflict with shareholder objectives. This divergence creates agency problems, including excessive executive compensation, ineffective leadership appointments, and opportunistic managerial behavior. The NRC serves as an important governance mechanism to mitigate agency conflicts by ensuring that executive appointments are based on competence and that remuneration policies are aligned with organizational performance. Through independent oversight, the committee can reduce information asymmetry and strengthen accountability mechanisms, thereby protecting shareholder interests (Jensen & Meckling, 1976).

Stewardship Theory

Unlike Agency Theory, Stewardship Theory assumes that managers are inherently motivated to act in the best interests of the organization rather than

pursuing personal gains. Under this perspective, executives function as stewards who prioritize organizational success, long-term sustainability, and stakeholder value creation. Within this framework, the NRC contributes by identifying and appointing leaders who possess integrity, professionalism, and a strong commitment to organizational objectives. Rather than focusing solely on monitoring and control, the committee facilitates the development of leadership structures that support collaboration, trust, and strategic decision-making. Consequently, effective nomination processes become essential for ensuring that organizational leadership reflects stewardship values and ethical conduct.

Resource Dependency Theory

Resource Dependency Theory emphasizes the importance of external resources, knowledge, expertise, and networks in determining organizational success. According to this theory, boards of directors and commissioners provide valuable resources that enhance organizational performance through their experience, professional competence, and external connections. The NRC plays a critical role in ensuring that board members possess diverse skills and expertise relevant to the organization's strategic needs. By selecting qualified candidates and maintaining an appropriate board composition, the committee strengthens the organization's capacity to access critical resources and respond effectively to changing business environments. Therefore, nomination decisions have direct implications for corporate competitiveness and governance effectiveness. According to Resource Dependency Theory, organizations benefit from board members who possess diverse expertise, professional networks, and access to critical resources. Board composition therefore becomes an important determinant of governance quality and organizational competitiveness (Hillman, 2022).

Human Capital Theory

Human Capital Theory views employees, executives, and board members as valuable assets that contribute to organizational performance through their knowledge, skills, competencies, and experience. Investment in human capital is expected to generate long-term organizational value and competitive advantage. From this perspective, remuneration policies developed by the NRC serve as strategic instruments for attracting, retaining, and motivating talented executives. Compensation systems that are fair, performance-based, and aligned with organizational objectives can enhance managerial commitment and productivity. Consequently, the NRC plays a vital role in optimizing human capital utilization and supporting sustainable corporate performance (Chen & Wang, 2022).

Empirical Studies on Nomination and Remuneration Committees

Previous studies have consistently highlighted the importance of the NRC in strengthening corporate governance. Ahmad and Tarmizi (2021) found that independent and active NRCs contribute to greater transparency and governance quality. Chen and Wang (2022) reported that effective remuneration committees improve the alignment between executive compensation and organizational performance. Similarly, Gill and Mathur (2021) demonstrated that governance

committees positively influence firm performance and accountability. In Indonesia, Prasetyo and Wulandari (2021) found that the effectiveness of NRCs positively affects financial performance, particularly within the banking sector. Harahap and Nugroho (2023) emphasized the committee's role in succession planning and leadership continuity, while Kurniawan and Suyanto (2021) highlighted the positive relationship between NRC transparency and corporate performance. International studies also demonstrate that governance committees contribute to board effectiveness, executive accountability, and improved organizational performance. Research conducted by Adams (2011) and Aguilera et al., (2015) highlights the growing strategic importance of governance committees in addressing contemporary governance challenges and stakeholder expectations.

Recent studies also indicate a growing focus on ESG integration within remuneration policies. Hidayat and Putri (2022) found that organizations increasingly link executive incentives to sustainability performance indicators, reflecting the evolving responsibilities of the NRC in contemporary governance systems. Overall, the literature suggests that the effectiveness of the NRC is influenced by several factors, including committee independence, professional competence, governance culture, regulatory compliance, and transparency practices. These factors collectively determine the committee's ability to strengthen corporate governance and support long-term organizational sustainability. Table 2 presents the theoretical foundations that underpin the role of the Nomination and Remuneration Committee (NRC) in corporate governance. These theories provide a conceptual framework for understanding how the NRC contributes to organizational effectiveness, leadership quality, executive remuneration, and governance performance. The integration of these theoretical perspectives helps explain the strategic importance of the NRC in addressing governance challenges and enhancing long-term organizational sustainability.

Table 2. Theoretical Foundations of the Study

Theory	Main Concept	Relevance to NRC
Agency Theory	Reducing conflicts between principals and agents	Ensures objective nomination and performance-based remuneration
Stewardship Theory	Managers act in the best interests of the organization	Supports leadership selection based on integrity and commitment
Resource Dependency Theory	Boards provide valuable resources and networks	Ensures board competency and diversity
Human Capital Theory	Human resources are strategic assets	Supports remuneration systems that attract and retain talent

Source: Author's compilation based on Jensen and Meckling (1976), Chen and Wang (2022), and related literature.

The theoretical perspectives presented in Table 2 demonstrate that the role of the NRC can be examined from multiple dimensions. Agency Theory emphasizes the committee's function in reducing conflicts of interest between shareholders

and management through objective nomination and remuneration processes. Stewardship Theory highlights the importance of selecting leaders who are committed to organizational goals and long-term value creation. Meanwhile, Resource Dependency Theory explains the significance of board competence, diversity, and professional networks in supporting organizational performance. Human Capital Theory further reinforces the strategic role of remuneration policies in attracting, retaining, and motivating talented executives. Collectively, these theories suggest that the NRC is not merely an administrative body but a strategic governance mechanism that contributes to organizational effectiveness and sustainable corporate performance. To further understand the contribution of the NRC in corporate governance, previous empirical studies were reviewed and synthesized. Table 3 summarizes key findings from selected studies published between 2021 and 2026, highlighting the major themes and outcomes associated with NRC effectiveness across different organizational contexts.

Table 3. Summary of Empirical Findings on NRC Effectiveness

Author	Focus	Key Findings
Ahmad & Tarmizi (2021)	Governance quality	NRC improves transparency and governance practices
Chen & Wang (2022)	Executive compensation	NRC aligns compensation with performance
Gill & Mathur (2021)	Firm performance	Governance committees positively affect performance
Prasetyo & Wulandari (2021)	Financial performance	Effective NRC improves financial outcomes
Harahap & Nugroho (2023)	Succession planning	NRC supports leadership continuity
Hidayat & Putri (2022)	ESG integration	NRC increasingly links remuneration to ESG performance

Source: Author's compilation from reviewed studies (2021–2026).

Table 3 indicates that the majority of empirical studies report a positive relationship between NRC effectiveness and various governance outcomes. The findings consistently show that effective NRC implementation enhances transparency, improves executive compensation alignment, strengthens succession planning, and contributes to better organizational performance. Furthermore, recent studies reveal an emerging trend toward integrating Environmental, Social, and Governance (ESG) considerations into remuneration policies, reflecting the evolving responsibilities of the NRC in contemporary governance practices. Despite these positive findings, the reviewed literature also suggests that NRC effectiveness depends on factors such as committee independence, professional expertise, regulatory compliance, and organizational commitment to governance principles. Therefore, strengthening these factors is essential to maximize the contribution of the NRC to corporate governance and long-term sustainability.

METHOD

Research Design

This study employed a qualitative research approach using the Systematic Literature Review (SLR) method. SLR is a structured and transparent method used to identify, evaluate, and synthesize findings from previous studies related to a particular research topic. The method was selected to provide a comprehensive understanding of the strategic role of the Nomination and Remuneration Committee (NRC) in strengthening Good Corporate Governance (GCG) and to identify emerging trends, research gaps, and future research directions.

Data Sources and Search Strategy

The literature search was conducted using three academic databases, namely Sinta, Scopus, and Google Scholar. These databases were selected because they provide access to high-quality national and international scholarly publications relevant to corporate governance studies.

The search process was conducted between January and March 2026 using the following keywords:

- “Nomination and Remuneration Committee”
- “Nomination Committee”
- “Remuneration Committee”
- “Corporate Governance”
- “Good Corporate Governance”
- “Executive Compensation”
- “Board Effectiveness”
- “ESG and Remuneration”

To ensure the relevance and recency of the reviewed literature, only articles published between 2021 and 2026 were considered.

Inclusion and Exclusion Criteria

The selection of articles was guided by predetermined inclusion and exclusion criteria as presented in Table 4.

Table 4. Inclusion and Exclusion Criteria

Criteria	Inclusion	Exclusion
Publication period	2021–2026	Before 2021
Document type	Peer-reviewed journal articles	Books, conference papers, theses, dissertations
Language	English and Indonesian	Other languages
Topic relevance	NRC, corporate governance, executive remuneration, board effectiveness, ESG	Unrelated topics
Accessibility	Full-text available	Abstract only

Source: Developed by the author (2026).

Literature Selection Process

The article selection process followed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework. Initially, 125 articles were identified through database searching. After removing duplicate records and screening titles and abstracts, 42 articles remained for eligibility assessment. Following a full-text review, 15 articles met the inclusion criteria and were selected for final analysis.

Figure 1. PRISMA 2020 Flow Diagram of Literature Selection Process

Source: Developed by the author based on the PRISMA framework (2026).

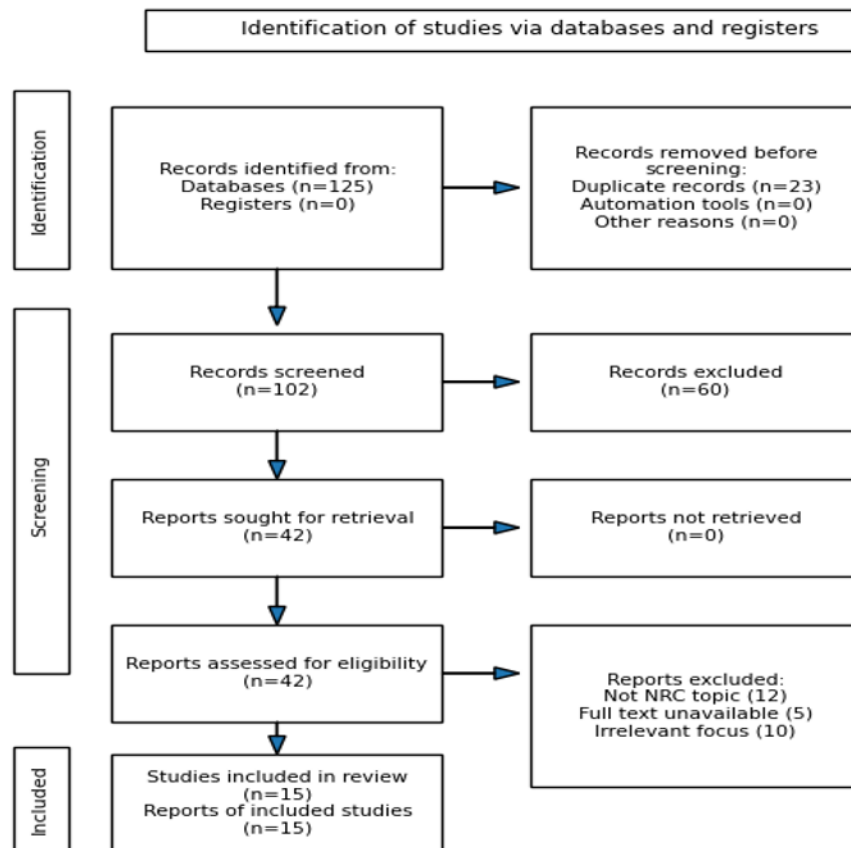


Figure 1. PRISMA 2020 Flow Diagram of Literature Selection Process

Source: Developed by the author based on the PRISMA framework (2026).

Data Analysis Technique

The selected articles were analyzed using thematic analysis. The analysis consisted of three stages. First, data reduction was conducted by extracting relevant information from each study, including research objectives, methodology, variables, and key findings. Second, the extracted information was categorized into thematic groups, such as the role of the NRC in governance, remuneration policies, board effectiveness, succession planning, and ESG integration. Third, the findings were synthesized and interpreted to identify patterns, similarities, differences, and emerging trends across the reviewed studies. To enhance the reliability of the review, source triangulation was applied by comparing findings from national and

international publications. Furthermore, all selected articles were obtained from credible academic databases and met the predefined quality criteria.

RESULTS AND DISCUSSION

The Role of the Nomination and Remuneration Committee in Strengthening Good Corporate Governance

The literature review reveals that the Nomination and Remuneration Committee (NRC) plays a significant role in strengthening the implementation of Good Corporate Governance (GCG). As a governance mechanism, the NRC contributes to ensuring transparency, accountability, fairness, and responsibility in the processes of executive nomination and remuneration. Previous studies consistently indicate that effective NRC implementation enhances governance quality by reducing conflicts of interest and promoting objective decision-making processes (Ahmad & Tarmizi, 2021; Gill & Mathur, 2021). The committee also functions as an intermediary between shareholders and management by ensuring that executive appointments are based on competence, qualifications, and organizational needs rather than personal relationships or political considerations. This finding supports Agency Theory, which emphasizes the importance of governance mechanisms in reducing agency conflicts and aligning managerial interests with shareholder expectations (Jensen & Meckling, 1976).

Table 5. The Strategic Roles of the NRC in Corporate Governance

Strategic Role	Governance Contribution
Nomination Process	Ensures merit-based executive selection
Remuneration Policy	Aligns compensation with performance
Board Evaluation	Enhances accountability and oversight
Succession Planning	Supports leadership continuity
ESG Integration	Promotes sustainable governance practices

Source: Author's synthesis from reviewed literature (2021–2026).

Table 5 demonstrates that the NRC contributes to multiple dimensions of corporate governance. Beyond its traditional role in nomination and compensation decisions, the committee increasingly supports strategic governance functions such as succession planning and ESG integration. This evolution reflects the growing importance of governance mechanisms in achieving long-term organizational sustainability.

NRC Effectiveness and Executive Remuneration Alignment

One of the most frequently discussed topics in the literature concerns the relationship between NRC effectiveness and executive remuneration. The reviewed studies indicate that effective remuneration committees contribute to the development of compensation systems that are transparent, fair, and performance-oriented. Such systems encourage executives to pursue organizational goals while minimizing opportunistic behavior (Chen & Wang, 2022). The findings further suggest that performance-based remuneration improves organizational commitment and managerial accountability. Companies with active and

independent NRCs tend to establish compensation structures that balance short-term financial objectives with long-term value creation. Consequently, remuneration policies become strategic tools for enhancing organizational performance rather than merely rewarding managerial positions.

Table 6. NRC Contributions to Executive Remuneration

Aspect	Contribution
Compensation Design	Establishes fair compensation structures
Performance Alignment	Links rewards to organizational outcomes
Transparency	Improves disclosure of remuneration policies
Accountability	Reduces agency conflicts
Talent Retention	Attracts and retains qualified executives

Source: Author's synthesis from reviewed literature (2021–2026).

The evidence indicates that remuneration policies developed through effective NRC oversight contribute to better governance outcomes. By linking compensation to performance indicators, organizations can reduce agency problems and encourage managerial behavior that supports corporate objectives and shareholder value.

Factors Influencing NRC Effectiveness

The literature identifies several factors that determine NRC effectiveness. The most frequently discussed factors include committee independence, professional competence, governance experience, meeting frequency, and organizational commitment to governance principles. Independent committee members are generally more capable of making objective decisions regarding executive appointments and remuneration policies (Kurniawan & Suyanto, 2021). In addition, professional expertise in governance, finance, law, and strategic management enhances the committee's ability to evaluate executive performance and formulate appropriate policies. Organizations that provide sufficient resources and institutional support also tend to achieve higher levels of NRC effectiveness.

Table 7. Determinants of NRC Effectiveness

Determinant	Expected Impact
Independence	Improves objectivity
Professional Competence	Enhances decision quality
Governance Experience	Strengthens oversight functions
Meeting Frequency	Improves monitoring effectiveness
Regulatory Compliance	Supports governance implementation

Source: Author's synthesis from reviewed literature (2021–2026).

Table 7 highlights that NRC effectiveness depends not only on formal establishment but also on the quality of its members and operational practices. Organizations that emphasize independence and professional competence are more likely to achieve stronger governance outcomes.

NRC and Corporate Performance

Several studies report a positive relationship between NRC effectiveness and corporate performance. Effective committees contribute to improved leadership quality, better strategic decision-making, and stronger governance practices, which ultimately enhance organizational performance (Prasetyo & Wulandari, 2021). These findings are consistent with the broader corporate governance literature, which suggests that effective board oversight and governance structures are associated with stronger firm performance, lower agency costs, and enhanced shareholder value (Bebchuk, 2022; Fama, 1980). The reviewed literature suggests that organizations with effective NRCs experience greater investor confidence, stronger financial performance, and lower governance-related risks. These findings support Human Capital Theory, which emphasizes the importance of attracting and retaining qualified executives through appropriate nomination and remuneration mechanisms.

Table 8. NRC Impact on Corporate Performance

Performance Dimension	Impact
Financial Performance	Positive
Governance Quality	Positive
Investor Confidence	Positive
Risk Management	Positive
Organizational Sustainability	Positive

Source: Author's synthesis from reviewed literature (2021–2026).

The findings indicate that NRC effectiveness extends beyond governance compliance and contributes directly to organizational performance. Effective governance structures enable companies to make better strategic decisions and maintain stakeholder trust.

Emerging Trends: ESG Integration and Digital Governance

Recent literature highlights the growing involvement of NRCs in sustainability and ESG-related governance initiatives. Organizations increasingly incorporate environmental, social, and governance indicators into executive compensation systems to encourage long-term value creation (Hidayat & Putri, 2022). Recent studies indicate that linking executive remuneration to ESG performance can encourage long-term strategic decision-making and strengthen organizational sustainability. ESG-oriented compensation systems have become increasingly important for investors and stakeholders seeking responsible corporate behavior (Flammer, 2021; Eccles, 2023; Ioannou, 2022; Dyck, 2023). Furthermore, digital transformation has influenced nomination and remuneration processes through the use of talent analytics, digital performance evaluation systems, and data-driven decision-making tools. These innovations improve transparency, reduce subjectivity, and enhance governance effectiveness.

Table 9. Emerging Trends in NRC Practices

Trend	Description
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Trend	Description
ESG-Based Remuneration	Compensation linked to sustainability targets
Talent Analytics	Data-driven executive evaluation
Digital Governance	Technology-supported governance processes
Succession Planning	Strategic leadership continuity
Stakeholder Orientation	Broader governance accountability

Source: Author's synthesis from reviewed literature (2021–2026).

The reviewed studies consistently demonstrate that the effectiveness of the NRC extends beyond traditional nomination and remuneration functions. The committee increasingly contributes to governance transparency, sustainability initiatives, and long-term strategic planning. However, the effectiveness of NRC implementation varies significantly across organizational contexts, ownership structures, and regulatory environments. Companies operating in highly regulated sectors tend to exhibit stronger governance outcomes compared to firms where committee establishment remains largely compliance-oriented. These findings indicate that the value of the NRC depends not only on its existence but also on its operational quality and independence. The findings suggest that the role of the NRC is evolving from a traditional governance committee to a strategic governance partner. The integration of ESG considerations and digital technologies reflects changing stakeholder expectations and the increasing complexity of corporate governance in modern organizations.

CONCLUSIONS

This study aimed to analyze the strategic role of the Nomination and Remuneration Committee (NRC) in strengthening Good Corporate Governance (GCG) through a Systematic Literature Review (SLR) of scholarly publications published between 2021 and 2026. The findings indicate that the NRC serves as a crucial governance mechanism that enhances transparency, accountability, fairness, and responsibility in corporate decision-making processes. Through its oversight of nomination procedures, executive evaluation, remuneration policies, and succession planning, the NRC contributes significantly to improving governance quality and organizational effectiveness. The review further reveals that the effectiveness of the NRC is influenced by several key factors, including committee independence, professional competence, governance experience, regulatory compliance, and organizational commitment to governance principles. Organizations with independent and qualified committee members tend to achieve more objective nomination processes, better-aligned remuneration policies, and stronger governance outcomes. In addition, the findings demonstrate that effective NRC implementation positively contributes to corporate performance by enhancing leadership quality, strengthening stakeholder confidence, and reducing governance-related risks.

Another important finding is the evolving role of the NRC in response to contemporary governance challenges. Recent studies show that the committee increasingly incorporates Environmental, Social, and Governance (ESG) considerations into executive remuneration systems and governance practices. Furthermore, digital transformation has encouraged the adoption of talent

analytics and data-driven decision-making processes, enabling greater transparency and effectiveness in nomination and remuneration activities. These developments suggest that the NRC is no longer limited to administrative functions but has become a strategic governance partner supporting long-term corporate sustainability.

IMPLICATIONS AND LIMITATIONS

Theoretical Implications

This study contributes to the corporate governance literature by integrating insights from Agency Theory, Stewardship Theory, Resource Dependency Theory, and Human Capital Theory to explain the strategic importance of the NRC. The findings reinforce the view that effective governance committees play a vital role in aligning managerial interests with organizational objectives and enhancing sustainable value creation. The findings are also consistent with broader governance perspectives proposed by Fama (1980), Daily et al. (2003), and Dalton et al. (2007), which emphasize the importance of effective board structures and governance mechanisms in enhancing organizational performance and sustainability.

Practical Implications

The findings provide important implications for companies, regulators, and policymakers. Organizations should strengthen the independence and competence of NRC members to maximize governance effectiveness. In addition, companies are encouraged to integrate ESG indicators into remuneration policies and utilize digital governance tools to improve transparency and decision quality. Regulators may also consider enhancing governance guidelines related to committee composition, disclosure practices, and succession planning.

Limitations and Future Research

This study is limited to literature published between 2021 and 2026 and focuses on articles indexed in Sinta, Scopus, and Google Scholar. Therefore, the findings may not fully capture governance practices in all institutional contexts. Future studies are encouraged to conduct empirical investigations examining the direct relationship between NRC effectiveness, ESG integration, and corporate performance across different industries and countries. Comparative studies between developed and emerging economies may also provide deeper insights into the effectiveness of nomination and remuneration committees in diverse governance environments. In conclusion, the Nomination and Remuneration Committee has emerged as a strategic governance instrument that contributes not only to effective corporate governance but also to organizational performance and long-term sustainability. Strengthening the effectiveness of the NRC is therefore essential for organizations seeking to enhance governance quality, stakeholder trust, and sustainable corporate success.

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