CORPORATE GOVERNANCE PRACTICES IN HIGHER EDUCATION INSTITUTION: A LITERATURE REVIEW

Maslina binti Mohamed[1]
Nurul Khair binti Ishak[2]
Lydiawaty binti Hassan Busry[3]

[1]Faculty Management & Informatic, Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS), Malaysia,
(E-mail: maslina@unipsas.edu.my)
[2]Faculty Management & Informatic, Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS), Malaysia,
(Email: nurulkhair@unipsas.edu.my)
[3]Faculty Management & Informatic, Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS), Malaysia,
(E-mail: lydiawaty@unipsas.edu.my)

_____

Abstract:*Corporate governance (CG) practise in higher education institutions (HEIs) is crucial for ensuring effective management, accountability, and transparency. This paper reviews literature on the various aspects of corporate governance practices in HEIs, drawing on research from different contexts from various scholarly sources. Overall, the methodology involves a qualitative research design using document analysis approach. Furthermore, it identifies gaps in the current research, particularly the need for more cross-cultural comparisons and studies on the relationship between governance and HEIs' performance. The findings offer valuable insights into the importance of effective CG in improving public administration performance, as well as the need for continued research in this field to refine governance models and practices within HEIs.*

Keywords*: Corporate Governance, Higher Education Institution, Literature Review*

_____

Introduction

Corporate governance refers to the methods, structures and processes by which companies and institutions are managed and directed. It aims to enhance long-term shareholder value through managerial accountability and improved firm performance. The official definition of corporate governance in Malaysia as adopted by the Malaysian Code on Corporate Governance (MCCG 2012) is *the process and structure of the company towards enhancing business and affairs of the company towards enhancing business prosperity and corporate accountability with the objective of realising long term shareholder value, whilst taking into account the interests of other stakeholders* (Ahmad et al., 2018). By clearly outlining the interests of shareholders and managers, corporate governance helps to eliminate conflicts of ownership and control. The Brazilian Corporate Governance Institute (BCGI) highlights that effective corporate governance practices can be applied to any organization, no matter its size or type. (Ferreira et al., 2018).

Universities are being asked to supply more and more non-financial and financial data. This situation has drawn the attention of scholars who want to investigate the degree of transparency at colleges. However, according to Raimo et al. (2024), corporate governance disclosure has received little attention. Corporate Governance at Higher Education Institutions (HEIs) guarantees responsibility, openness, and efficient administration. The adaptation of Corporate Governance principles in HEIs addresses issues of accountability, stakeholder engagement, and strategic management. Key principles such as transparency, accountability, fairness, and responsibility are essential for maintaining stakeholder trust. However, implementing CG in HEIs presents challenges, including balancing academic freedom with accountability and managing the corporatization of universities (Meng et al., 2023).

Furthermore, analyzing private institutions' corporate governance structures is essential to raising the qualitiy standard of higher education (Meng et al., 2023). Strong corporate governance practices also contribute to ethical behavior within an organization. The topic of good governance and the ability to be accountable to the stakeholders are found to be critical (Algazo & Ibrahim, 2024). Good University Governance (GUC) represents the university's performance and success in producing graduates with the qualifications and competencies to be comparable with inside and outside universities (Modood, 2016; Muhsin et al., 2020).

Effective Corporate Governance can enhance both financial and academic performance, though the relationship is complex. Governance models combining corporate and academic structures, along with shared governance practices, are recommended for robust oversight and accountability. The two concepts that are becoming increasingly significant in higher education institutions are transparency and accountability (Ferreira et al., 2018). With regards to, the objective of this study was to review the theoretical structure of Corporate Governance in HEIs from 2014 to 2024 with respect to an empirical model carried out with experts.

Methodology

Data collection procedure and keyword

Overall, the methodology involves a comprehensive review of existing literature to provide an overview of corporate governance practices and their effectiveness. The purpose of the current study is to expand the theory of CG at higher education institutions and increase expertise in this field. Several keyword combinations, such as "corporate governance," "higher education institutions," "university governance," and "corporate governance practice," were used to gather

the papers for this review in Google Scholar. Google Scholar has broader coverage, including books, theses, conference papers, and preprints, alongside journal articles. This makes it suitable for interdisciplinary research. Ultimately, Google Scholar is preferred for its accessibility, breadth, and inclusivity. Eventually, 10 papers published between 2014 and 2024 were identified and selected to be reviewed. Only English language articles were considered.

View From Literature Reviews of Corporate Governance in HEIs

The concept of corporate governance, traditionally associated with for-profit organizations, has been increasingly applied to HEIs. The adaptation of CG principles in HEIs aims to address issues of accountability, stakeholder engagement, and strategic management. According to Ferreira et al., (2018), the application of CG in HEIs has evolved to include diverse themes such as stakeholder perception, corporate social responsibility (CSR), and ownership and control structures. Key principles of CG in HEIs include transparency, accountability, fairness, and responsibility. These principles are essential for maintaining trust among stakeholders, including students, faculty, staff, and external partners.

The study by Raimo et al. (2024) attempts to close this significant gap by examining the quantity of corporate governance information that Italian universities publish on their websites as well as the variables that can affect this degree of openness. The degree of corporate governance information dissemination is assessed in this study using manual content analysis on a sample of 92 Italian universities. The research hypotheses are also tested using a variety of regression models. First, empirical findings show a sufficient dedication to online corporate governance disclosure; second, the largest and public universities have a stronger inclination to disseminate corporate governance information.

The objectives of the paper "University Governance and Accountability" by Algazo & Ibrahim (2024), are to explore the essential components of university governance and its impact on a university's success and competitiveness, to examine the role of transparency, accountability, and academic freedom in enhancing university performance and to analyze the relationship between good governance practices and employee satisfaction within universities. This paper employs a qualitative approach, reviewing existing literature on university governance and accountability. It synthesizes various studies and frameworks to understand the principles and practices that contribute to effective governance in higher education institutions. The study finds that good university governance is crucial for improving productivity and financial efficiency, characterized by real-time visibility, review, and evaluation of efforts. Furthermore, it highlights that public accountability is a significant aspect of New Public Management, aimed at enhancing the effectiveness and efficiency of public governance in educational settings. The findings suggest that involving employees in decision-making processes fosters satisfaction and contributes to better governance outcomes. The paper also identifies challenges such as unclear roles within accountability systems and the potential for mistrust among staff due to exaggerated accountability measures. These insights underscore the need for structured governance frameworks that promote transparency and accountability while addressing the concerns of all stakeholders involved in the educational process.

The empirical paper written by Ghazali & Ahmad (2024), aims to examine the participation and engagement of university administrators in decision-making processes at public universities in Malaysia, to analyze the differences in participation and engagement between male and female administrators and to explore the impact of administrators' participation on enhancing good governance in academic institutions. The study utilized a quantitative

methodology, administering a questionnaire to university administrators from nine public universities in Malaysia, comprising three Research Universities, three Focus Universities, and three Comprehensive Universities. A total of 574 questionnaires were distributed, yielding 266 valid responses for analysis. The data analysis utilized the Statistical Package for Social Sciences (SPSS) version 29.0, applying descriptive analysis and independent sample T-tests to compare participation and engagement levels across genders. The research identified notable disparities in participation and engagement in decision-making processes among male and female university administrators. The study emphasized the significance of administrators' active participation in decision-making to promote effective governance and ethical practices in Malaysian public universities. The results suggested that enhancing participation opportunities could lead to improved organizational justice and a more engaged workforce, ultimately benefiting the governance of academic institutions. These insights emphasize the need for inclusive practices in decision-making to promote better governance and representation in higher education settings.

The research conducted by Meng et al. (2023) at private universities in China aims to offer a novel interpretation of the corporate governance structure of these institutions from a legal standpoint. This study employs a methodology of Document Research, drawing from an extensive range of literature sourced from CNKI (Chinese data sources), the Ministry of Education's website, official websites of international education administrative bodies, and the official websites of both domestic and foreign private universities. The literature consists of Chinese works, translations in foreign languages, foreign language texts, Chinese journals, foreign language journals, dissertations, and official documents.

Survey research, conducting subjective interviews and questionnaires to describe the current situation, identify problem dimensions, investigate causes, and collect suggestions for countermeasures and data Analysis using tools like CiteSpace and VOSviewer to compare keywords from Chinese and English documents, and analyzing data from CNKI and Google Scholar databases. This study's findings employ governance theory to establish a three-dimensional integration of people, systems, and mechanisms, resulting in a grid structure that facilitates cross-connections and produces synergistic effects.

The study conducted by Buhaisi & Al Damagh (2021) aims to assess the current state of corporate governance principles in Palestinian private universities in the Gaza Strip, with the goal of proposing a governance framework that meets the quality, accreditation, and classification standards established by the Palestinian Ministry of Higher Education (MOHE). This study aims to evaluate the relationship between corporate governance and the performance of these universities. The researchers utilized a descriptive analytical method, focusing on a population of 458 stakeholders, including academic and administrative personnel from four private universities in the Gaza Strip. A random sample of 200 employees was selected, and a specially designed questionnaire was distributed, resulting in 182 completed and valid responses, reflecting a 91% response rate. The analysis of data was performed utilizing the Statistical Package for the Social Sciences (SPSS) software. The research identified an important relationship between the performance of private universities and the implementation of corporate governance principles, as well as adherence to quality, accreditation, and classification standards set by the MOHE. The analysis revealed that the adequacy level of corporate governance principles in these universities is at a moderate level, with an average score of 3.94 and a weight of 76.7%. The findings indicate that private universities in Gaza

need to improve their governance practices to enhance overall performance and comply with required standards.

Research by Salleh et al. (2019), is to explore the corporate governance practices and performance among Malaysian public universities through the Malaysian Code on Corporate Governance (MCCG) 2012. The study used a content analysis approach, which involved, selecting a sample from previous articles, specifying the unit of analysis, conducting unstructured interviews with two members of the Board of Directors (BOD) from a public university without autonomy, analysing and interpreting the data using thematic analysis. The findings demonstrate that Malaysian public universities have adopted MCCG 2012 to enhance their governance systems, despite its non-mandatory status. The universities adhere to the University Transformation Plan Green Book (Corporate Governance) issued by the Ministry of Higher Education (MoHE), with its implementation governed by MCCG 2012. The research indicated that 16 of the 26 recommendations from MCCG 2012 are implemented within the university governance framework, with certain recommendations being adhered to indirectly. The application of MCCG 2012 principles enhanced the university's financial performance and the effectiveness of the Board of Directors. The study indicated that universities lack autonomy, with most decisions being made by the Ministry of Higher Education (MoHE).

The study on corporate governance practices in higher education institutions in the UK and Bahrain aims to compare and contrast the governance practices in higher education institutions (HEIs) in Bahrain and the UK, identifying strengths and weaknesses in each model. Abdeldayem & Aldulaimi (2018), employs a comparative methodology, analyzing data from Bahrain, the UK, and other countries such as Egypt and Iraq to understand different governance models. The study utilizes qualitative data, likely gathered through literature reviews, institutional reports, and possibly interviews or surveys with stakeholders in the education sector. The research draws on institutional theory and governance theories, including agency theory and stakeholder theory, to frame the analysis of governance practices. The study identifies various governance models in Bahrain, highlighting the establishment of committees such as the Academic Accreditation Committee and the Quality Assurance and Accreditation Council, which aim to maintain educational standards. It notes significant challenges faced by universities in Bahrain, including increasing student numbers, unemployment among graduates, and the need for modern skills that align with globalization. The findings emphasize that good governance is crucial for the effective management of HEIs, leading to improved accountability, transparency, and overall institutional performance. The research underscores the necessity of involving various stakeholders in governance processes to enhance decision-making and institutional effectiveness.

Meanwhile the study in Brazil by Ferreira et al. (2018), identify and characterize the main themes and methodological approaches used in the literature on CG in HEIs, highlight gaps in the existing research to foster future studies in this emerging field. In addition, the primary objectives of the study were to analyze the profile and evolution of scientific production related to CG in HEIs. The study employed a bibliometric analysis approach, which included data collection. The analysis focused on articles published between 2005 and 2013, utilizing databases such as the Scientific Periodicals Electronic Library (SPELL), Quantitative Analysis were analyzed 51 articles using descriptive statistics to identify trends and patterns in the literature. The articles were categorized based on their main themes, such as corporate social responsibility, governance structures, disclosure and accountability, and stakeholder perceptions and evaluation. The study assessed the methodologies used in the articles, noting

the prevalence of qualitative and case study approaches. The key findings of the study included prevalent themes. The most common themes identified were governance from stakeholder perspectives, corporate social responsibility (CSR), ownership and control structures, disclosure and accountability, and internal controls.

Descriptive and qualitative methodologies were the most frequently used, with case studies being a significant approach in the literature and research growth. There was an increase in published research on CG in HEIs from 2005 to 2009, although the numbers varied in subsequent years. The study identified several thematic gaps, such as the interface between CG and Distance Learning, succession in family-owned HEIs, and conflicts of interest, suggesting areas for future research.

The study by Monyoncho (2015), aimed to evaluate the perception of corporate governance practices at the University of Nairobi, to assess the role of government in the governance structure of the university, to identify key challenges affecting governance and decision-making processes within the institution and to provide recommendations for improving governance practices to enhance the university's performance. The research employed a case study design focused on the University of Nairobi, which is the first public university in Kenya and serves as a representative model for other public universities in the country. The methodology included qualitative data collection through structured interviews using an interview guide. A sample size of 200 respondents, including academic staff, non-academic staff, and students, selected through convenience sampling.

Data analysis involved descriptive statistics (mean scores) and content analysis for open-ended questions, organized into sections covering key problems, governance structure, leadership processes, decision-making, and the role of government. The study revealed several key findings, a significant portion of respondents (46.1%) perceived government interference as a major contributor to the poor state of the university, The mean score regarding the alignment of the government's role with the University of Nairobi Act was low (1.82), indicating a disconnect. Respondents expressed concerns about low morale among lecturers and students, attributed to government actions. Recommendations included enhancing the autonomy of public universities, improving leadership and management capabilities, and focusing on effective governance structures to foster better decision-making and accountability. These findings underscore the need for a comprehensive review of governance practices to improve the operational efficiency and overall performance of the University of Nairobi.

Lastly, the study in Australia aims to examine the extent of corporate culture implementation in Australian public universities from a management perspective. Christopher (2014) seeks to assess the existence of a system-wide shared vision that facilitates a transition towards a corporate culture within these institutions. The research question guiding this study is: To what extent are Australian public universities implementing a corporate approach to management? This research adopts a qualitative methodology, incorporating interviews with senior managers from diverse Australian public universities. The sample comprises representatives from various university groupings, including the Group of Eight (Go8), Australian Technology Network (ATN), Innovative Research Universities (IRU), and Australian Regional Universities (ARU).

The data collection process involved two phases of interviews to ensure a comprehensive understanding of the governance practices across different university types. The findings of the study reveal two main themes; Theme 1. Structural and Operational Constraints: the current

structural and operational frameworks of Australian public universities do not support corporate managerialism. The governance framework tends to promote a pseudo-management culture rather than a fully corporate approach. Theme 2; Tension Between Management Cultures: There are significant tensions between the inherited management cultures of universities and the corporate culture that is being pushed for. This results in a hybrid management culture that combines elements of various governance approaches, making it challenging to adopt a cohesive corporate governance model across the university system. Overall, the study concludes that while there is pressure for Australian public universities to adopt corporate governance practices, the realities of their governance structures and cultures present significant obstacles to this transition.

Challenges in Implementing CG in HEIs

Implementing CG in HEIs presents several unique challenges, as highlighted in recent literature. One significant challenge is balancing academic freedom with accountability. Alibašić et al., (2024) examine the conflict between established academic principles and new market-oriented frameworks, which may influence the notion of academic freedom. Moreover, the corporatization of universities has resulted in greater administrative workloads and a move towards a consumer-focused approach, which may compromise the quality of education.

Shared governance, which involves faculty, staff, students, and external stakeholders in decision-making, faces challenges in achieving effective collaboration and trust among these groups. The historical evolution of governance in higher education shows that integrating diverse stakeholders can lead to conflicts and inefficiencies, but it also offers opportunities for improved decision-making and institutional performance (Honu, 2018). Meanwhile, Bejou & Bejou (2016) draw attention to financial constraints and the need for fiscal accountability often drive higher education institutions to adopt corporate governance models. However, this focus on financial performance can lead to the marginalization of educational goals and the erosion of academic standards. The challenge lies in balancing financial sustainability with the core mission of education. Schuster & Finkelstein (2021) emphasized the increasing reliance on contingent faculty positions over tenured roles poses significant challenges for governance. Contingent faculty often lack job security and academic freedom, which can negatively impact the quality of education and institutional governance. This shift towards non-tenure-track positions undermines the traditional governance structures and affects the overall academic environment.

Conclusion

Governance has become increasingly significant due to several factors, including the role of governments in establishing objectives for higher education institutions and managing resources transparently and responsibly. This improves public administration performance, as citizens expect officials to deliver adequate services that address public concerns and are grounded in justice. Effective governance is realized when public administration consistently publishes decision reports and responds to citizens' requests, ensuring that public institutions operate with integrity.

The findings significantly enhance the scholarly discourse and carry crucial practical implications for higher educational institutions, decision-makers, and lawmakers. The insights from ten empirical papers underscore the importance of CG in HEIs and highlight the need for continued exploration and understanding of this evolving field.

References

Abdeldayem, M. M., & Aldulaimi, S. H. (2018). Corporate Governance Practices in Higher Education Institutions: The UK vs Bahrain. *International Journal of Learning and Development*, *8*(4), 29. https://doi.org/10.5296/ijld.v8i4.13841

Ahmad, N., Koh, H. Y. E., Gee, C. S., Ramly, Z., Abu, N. Z., Idris, K. H., Ho, S. F. C., & Yong, C. J. (2018). *Corporate finance,An Asian Perspective*. Oxford University Press.

Algazo, F. A., & Ibrahim, S. (2024). University Governance and Accountability. *Asian Journal of Research in Education and Social Sciences*, *6*(2), 528–535. http://myjms.mohe.gov.my/index.php/ajress

Alibašić, H., L. Atkinson, C., & Pelcher, J. (2024). The liminal state of academic freedom: navigating corporatization in higher education. *Discover Education*, *3*(1). https://doi.org/10.1007/s44217-024-00086-x

Bejou, D., & Bejou, A. (2016). Shared Governance: The Key to Higher Education Equilibrium. *Journal of Relationship Marketing*, *15*(1–2), 54–61. https://doi.org/10.1080/15332667.2015.1091630

Christopher, J. (2014). Australian public universities: are they practising a corporate approach to governance? *Studies in Higher Education*, *39*(4), 560–573. https://doi.org/10.1080/03075079.2012.709499

Ferreira, D., Baidya, T. K., & Dalbem, M. C. (2018). Corporate Governance (CG) in Higher Education Institutions: A Systematic Mapping of National Scientific Production. *Rev. Adm. UFSM*, *11*(2), 471–488. https://doi.org/10.5902/19834659

Ghazali, M., & Ahmad, Y. (2024). *Administrators' participation and engagement in decision - making toward enhancing good governance at public university in malaysia: does gender matter? 20*, 179–191.

Honu, Y. A. K. (2018). Shared Governance: Opportunities and Challenges. *Academy of Educational Leadership Journal*, *22*(2), 1–8.

Meng, W., Nair, S., & Devi, R. (2023). Research on the Corporate Governance Structure of Private Universities in Sichuan Province, China. *International Journal of Academic Research in Economics and Management Sciences*, *12*(4), 209–221. https://doi.org/10.6007/ijarems/v12-i4/19706

Modood, T. (2016). Capitals, Ethnic Identity, and Educational Qualifications. *The Next Generation*, *13 (50)*, 185–204.

Monyoncho, R. M. (2015). Perception of Corporate Governance Practices at the University Of Nairobi. *DBA Africa Management Review*, *5*(1), 94–112.

Muhsin, Martono, S., Nurkhin, A., Pramusinto, H., Afsari, N., & Arham, A. F. (2020). The relationship of good university governance and student satisfaction. *International Journal of Higher Education*, *19*(1), 1–10. https://doi.org/10.5430/ijhe.v9n1p1

Raimo, N., Vitolla, F., Marrone, A., & Esposito, P. (2024). Corporate governance disclosure by Italian universities: an empirical analysis of the determinants. *The International Journal of Business in Society*. https://doi.org/https://doi.org/10.1108/CG-05-2023-0217

Salleh, F., Sukri, M. E. H. M., Harun, W. A. R. W., Yazid, A. S., & Rashid, N. M. F. N. M. (2019). Corporate Governance Practices among Malaysian Public Universities. *International Journal of Academic Research in Business and Social Sciences*, *8*(12), 1301–1313. https://doi.org/10.6007/ijarbss/v8-i12/5214

Schuster, J. H., & Finkelstein, M. J. (2021). *The American Faculty: The Restructuring of Academic Work and Careers*. Johns Hopkins University Press.