Lecturers’ and Employees’ Perception on GCG Implementation in Widyatama University

Rafael G. Aida W., Lasmanah

Faculty of Economic, Faculty of Management Business; Widyatama University
Jl. Cikutra No.204A, Bandung, West Java, Indonesia
raffaida@indo.net.id
lasmanah.ina@gmail.com

Abstract—Indonesia has a guidance in implementing Good Corporate Governance (GCG) for profit-oriented organizations, however, we do not have specific guidance for non-profit organizations. A university is under a Foundation, which is a non-profit organization, in other words, the organization that supposed to focus on social matters. Assuming that GCG also focusing on social matters, the implementation of GCG in a Foundation (in this case, University) should be easy. But, is that so? For example, transparency is one of the components of GCG. One way to achieve the goal of transparency is that a company has to make its financial report available for its stakeholders. Yet, not one university has done so. In fact, there are common beliefs that a Foundation (university) does not have to report to its stakeholders at all. We modified the GCG implementation guidance for profit-oriented organization to be applicable for a foundation. Then we surveyed the lecturers and employees of Widyatama University to find out, according to their perception, how far was the Good University Governance (GUG) implementation in the university. Then we analyzed the result using descriptive models and described what points had been implemented, what points had not been implemented or less in implementation. We analyzed what caused it, what were the hindrances or problems, and how the stakeholders could cooperate to help solving the problems. Therefore, we hoped that in the future the university would be able to implement GUG as a whole.

Keywords—GUG, GCG guidance, Foundation, Lecturers, Employees.

I. INTRODUCTION

It began with the enterprise ownership theory of an entity whereas the corporation was a social institution operated for the benefit of many interested groups. The concept considered that the owner of an enterprise were the stakeholders, which were wider than stockholders. According to the Rights Theorist, we all had natural rights, among them was the right to know. Therefore, the stakeholders had a “right” to financial information of the companies, because the companies existed only with the consent of that public [1]. The emerging of Good Corporate Governance concept was the impact of a corporate awareness of its social environment. In the sense, GCG is social. The GCG concept was then adopted in many kinds of organization. For a University, the term GCG was adapted to become Good University Governance (GUG).

Universities in Indonesia have to be under a Foundation as its legal entity (quoting the government regulation, a foundation is: “a group of society”). The basic thought behind this regulation is because a university operates an education activity, which assumed to be a social activity, therefore the most suitable legal entity to organize it is supposed to be a nonprofit oriented organization, that is a Foundation. It means, profit should not be the main objective, the primary mission should be to enlighten and to educate the society. Therefore, until today, the government still does not allow any education institution under a corporation or any other legal entity except for a foundation, which supposed to be a non-profit oriented organization.

Based on the thoughts, a foundation, which organized a university, should uphold the social attitudes. Nevertheless, have we achieved this ideal condition?

Government regulation no. 20/2003, article 53 section 1 and 3 [4] implied that the executor of a formal education entity should be the government or a group of society in a legal form of education which principle was non-profit oriented and capable of managing fund for itself in developing the education entity. According to government regulation no. 16/2001 [2] article 1, a Foundation is a legal entity, which consists of separated assets, and those assets are used to achieve specific goals in social, religious, and humanity matters.

In an ideal condition, some individuals group together to manage a Foundation. Those individuals are responsible to raise money for the Foundation to fund the education entity (in this case, a university) under its care. The characteristic of governing board in Indonesia was still focus to the founder of the foundation (The Board of Trustees). Although there are representatives of a number of bodies in the membership of the board, such as the academic senate, including the rector, still The Board of Trustees plays the central role in university governance [4]. Because The Board of Trustees elects the rector and the academic senate, the bodies under The Board of
Trustees are not independent and they may have conflicted interests. In some cases, the members of the bodies (employees, lecturers, supervisory board, and advisory board) consists of families of the founders.

Article 46 of the government regulations indicated that the responsibility of raising the fund would fall upon the government and the society altogether. Back to the basic principles of founding a Foundation, which supposed to be a non-profit oriented entity, the Foundation should provide the University with fresh money to support its activity in education whenever the University needed it. In the late of The Board of Trustees become the employee (manager) or lecturer; therefore, they could have the "profit sharing" in the terms of "salaries", "bonuses", "allowances", etc. In this case, the university under the principles of founding a Foundation then emerged. Many of the education foundations do not act as the fundraiser for their education purposes, but vice versa. In this case, the university under the foundation becomes an undercover corporation, used to raise some fund to provide the needs of the individuals having interests in the Foundation and the bodies under it. Members of The Board of Trustees become the employee (manager) or lecturer; therefore, they could have the "profit sharing" in the terms of "salaries", "bonuses", "allowances", etc. In this situation, the non-profit oriented mission is far from the facts. As much as the money involve, the Board may feel the need to raise as much money as they could, to expense as few as they could and to protect their confidentiality.

That condition could violate the government regulation no. 20/2003 article 48 [4], which stated that the management of the education fund should be carried out based on the principles of justice, efficiency, transparency, and public accountability. Regardless the government regulation, providing public with education institution financial statements is uncommon practice in Indonesia. However, so far, there is not a single foundation in Indonesia that has been prosecuted regarding the matter. We may assume that all foundations has carried out the government regulation well enough or simply because we are having difficulties in measuring the words: justice, efficiency, transparency, and public accountability.

Indonesia had developed Good Corporate Governance Guidance in 2006. The GCG Guidance were not legal regulation, it contained principles of how to manage a company in a business ethic corridor to maintain the sustainability of a company in the business. Therefore, the implementation of GCG lays on the hand of the company's awareness. The National Committee on Governance Policy published the GCG Guidance in the ethical driven framework from the business individuals who gave priority to the stakeholders' interests and avoided creating temporary profit. The Guidance consisted of GCG Principles, which could be adapted into various implementations in various legal entities. Those were the transparency, accountability, responsibility, independency, and fairness. The basic principles of each component were described as follows [6]:

- **Transparency:**
  To maintain the objectivity in running the business, a company must provide a material and relevance information. The stakeholders should be able to access the information easily and they should be able to understand it easily. A company must take the initiative to disclose the information, whether it was included in regulations or not. It means all informations, which are important for the decision makers (shareholders, creditors, and other stakeholders).

- **Accountability**
  A company has to be accountable for its performance transparently and fairly. Therefore, the company should be managed in a credible way, measurable and in correspond with the company's interest. However, the interest of the shareholders and other stakeholders should be taken into account. Accountability is a prerequisite to achieve a sustainable performance.

- **Responsibility**
  A company must obey the government regulations and carried out its responsibility to the society and the environment in order to maintain the long-term sustainability and to be recognized as a good corporate citizen.

- **Independency**
  To smooth the implementation of GCG principles, a company must be managed independently, therefore each body in the company would not dominate each other. It also means that other parties could not intrude the company.

- **Fairness**
  In running the business, a company must always pays attention to the interest of the stockholders and other stakeholders, based on the principles of fairness and equality.

In a university, the rector is one of the decision makers for the sake of the university; the employees, lecturers and students are the other stakeholders who also may need information for whatever decision they have to make. Therefore, based on the transparency principle, they all have the rights to access any relevant information from the university/foundation. Providing all necessary information for the stakeholders means the entity’s performance is transparently accountable. Obeying the regulations and rules regarding the Foundation and the National Education System
would show the responsibility level of the entity. To achieve the independency principle, the individuals who found the foundation should not become the member of Boards of Trustees. Furthermore, individuals who run the organization (the boards, academic senate, employee, and lecturer) should not be the related parties (families) of the Founders. Lastly, the fairness principle could be achieved when the university does not apply cherry picking in giving any opportunity to its stakeholders.

The GCG Guidance also included the relationship principles between a company and its stakeholders (employee, business partner, and society). According to it, a company should have a good relationship with its stakeholders based on the principles of equality and fairness, and based on the rules of rights and responsibility of each party. In order to have a good relationship with its stakeholders, a company/foundation should pay attention to the followings:

- The foundation guarantees that there would be no discriminations based on nationality/tribal, religion, race, class, and gender, and guarantees the fair and faithful treatment in pushing the employees’ development according to their potentials, capabilities, experiences, and skills.
- The foundation and its business partner should cooperate for the interest of each other based on the win-win situation.
- The foundation should pay attention to the public interest, especially the surroundings society and the consumers (students).

In the university, some of the lecturers legally are employees of the Foundation. However, not all lecturers serve in a university are regular employees; some of them are visiting lecturers or new-contract employees. The regular lecturers have a similar relationship with non-lecturer employees toward the foundation. However, lecturers and employees are substantially different in function and position. Lecturers are somewhat “higher” in position than the employees, possibly because lecturers are functioning as the “automatic production machine” of the education business. In addition, most of the lecturers’ activities are under the command of the Faculties; unlike the employees whom are under direct management of the Boards. In this research, we used the term “employee” for non-lecturer employee, to distinguish the two groups.

The relationship between the foundation and its lecturers and employees would affect their perception toward the foundation. According to the idea of the GCG guidance, a good relationship was the beginning of all good things in business.

II. METHODOLOGY

This research was to discover the perception of lecturers and employees as stakeholders of the Widyatama Foundation regarding how far was the implementation of Good University Governance at Widyatama University (Widyatama Foundation). We use the term “Entity” for the Foundation and the bodies under its care (the board of trustees, advisory board, supervisory board, university, and academic senate).

The samples of this research were 32 lecturers (consisted of regular, visiting and new contract lecturers) and 32 employees of Widyatama University. They were random samples.

The quantitative data for this research were processed from questionnaire. We surveyed the respondents’ perception toward the implementation of GUG at Widyatama University using the questionnaire, which consisted of statements to gain insight into the stakeholders’ perception regarding how far were the implementation of each of the components of GUG.

The data was measured using Likert scale of five. A value of four and above would indicate that according to the respondents’ perception the implementation of GUG was in commensurate with the statement. The scores meant:

- score 5 = implementation in commensurate with the statement
- score 4 = implementation less in commensurate with the statement,
- score 3 = average in implementation;
- score 2 = implementation not in commensurate with the statement,
- score 1 = almost lack of implementation.

We analyzed the data collected using the Statistical Package for Social Science (SPSS) version 13, in order to find the difference of perceptions between the lecturers and employees regarding the GUG implementation. We used t-test for processing each component, with the statistic significance degrees $\alpha = 0.05$. The hypothesis were:

- Ho: There is not any difference between employees’ perception and lecturers’ perception.
- Ha: There is a difference between employees’ perception and lecturers’ perception.

As an addition, we also investigated lecturers’ comments and ideas to learn what problems behind the less implemented of GUG, how to solve the problems and what the existing hindrances were.

III. FINDINGS

The questionnaire consisted of six classifications. The first classification was regarding the relationship between the employees (lecturers and non-lecturers) and the Entity. The Entity meant the Foundation, the Board of Trustees, Advisory Board, Supervisory Board, University, and Academic Senate. The second through fifth classification were regarding the components of GUG, which was adapted from the GCG Guidance, which were the transparency, accountability, responsibility, independency, and fairness and equality. These findings showed the maximum frequency of respond from the two groups and the difference between them.
A. Relationship Between the Entity and its Employees and Lecturers

The first questionnaire consisted of six statements regarding the relationship between the entity (the foundation and the bodies under its care) and the employees and lecturers. The questions asked regarding the relationship between the entity and its employees were as follows:

1. The entity had written regulations, which clearly regulate the recruitment pattern and also regulate the rights and responsibility of the employees.

2. The entity had guaranteed the creation of a conducive working environment, including the health and safety in work, so that every employee could work creatively and productively.

3. The entity had ascertained the availability of information, which was important to the employees through a communication system that ran well and on time.

4. The decision about salary, the inclusion for training, the decision of career ranks, and other terms of work had been carried out objectively.

5. The entity had ascertained that the employees did not use the entity’s name, facility, and good relationship with the external parties for personal interests.

6. Employees and the Union in the entity had the rights to convey their opinion and proposal regarding the working environment and employees welfare.

In response to the questions regarding the relationships with the Entity, 37% of the lecturers agreed that the implementation was average (score 3), 29.7% at score 2, and 28.6% at score 4. The average was 3.06. As for the employees, 40.1% responded at score two, 30.7% responded at score three, 20.3% responded at score four; and the mean value was 2.71. The t-output was 3.822, which meant Ho was rejected, there was a difference between the two groups with the mean difference was 0.354. The difference between the lecturers’ responds and the employees’ responds was between -0.536 and -0.172.

B. Transparency

Transparency was an important part of trust. If the Entity trusted its stakeholders and if it had nothing to hide, it would voluntarily disclose any relevant information. The information would be valuable for the stakeholders in making decisions. The questions below were regarding the implementation of transparency of the Entity:

7. The entity’s policy had been in written and proportionally communicated to the stakeholders.

8. The entity had provided the information on time, sufficiently, clearly, accurately, and comparably, and can be accessed by the stakeholders easily in correspond with their rights.

9. The information disclosed had covered, but not restricted to:
   a. Vision and Mission
   b. Business goals and strategies
   c. Financial condition

   d. The Boards members and remuneration
   e. The membership of the Foundation by the Director, Secretary, Treasurer, and their family in the Entity
   f. Internal supervisory and control system

(10) The transparency principle of the entity did not lessen the obligation to fulfill the entity’s confidentiality according to the regulations, secret, and personal rights.

The respondents from the lecturers regarding the transparency were 55.2% at the average and 23.3% at score 4. The average was at the value of 3.09. The responses from the employees were 59% at score 3 and 25.7% at score 2, with the mean value at 2.74. As for the t-output was 5.680, it meant there was significant perception difference between the two groups, with the lower point at -0.472 and the upper point at -0.229, and the average difference was 0.062.

C. Accountability

Accountability was important in order to make a clear pathway of how to carry a work in the business environment. All employees should act in the track, based on good business ethic and code of conduct. These following questions indicated how to measure the implementation of accountability:

(11) The entity maintained the job description and responsibilities of each of the bodies and employees clearly; and they were in correspond with the entity’s vision, mission, values, and strategies.

(12) The entity had performance measurement for all ranks that consistent with the goal, and had a reward and punishment system.

(13) In carrying out the duty and responsibility, every bodies and employees had to hold on to business ethics and code of conduct.

Answers from the lecturers to the questions were 44.8% at score 3 and 34.4% at score 4, mean value at 3.26. Answers from the employees were 53.1% at score 3 and 28.1% at score 4, mean value 3.31. T-output was 0.464, which meant there was no significant difference between the two groups. The mean value of the difference was 0.52, with the lower point at -0.170 and the upper point at 0.274.

D. Responsibility

Responsibility of the Entity related to the obedience in implementing all regulations applied to a Foundation and regarding the education system. In addition to those, there was also moral obligation. The Entity existed because of public, therefore it should give something back to the public (surrounding environment). The questions below were regarding the implementation of those legal and ethical obligations:

(14) The entity had to be cautious and ascertained the obedience to the regulations, articles of association, and by-laws.

(15) The entity had to carry out its social responsibility such as care for the society and environment, especially surrounding the entity by sufficiently planning and actuating.
To those statements, 35.9% lecturers responded at average score, 26.6% at score 4, and 23.4% at score 2. The mean value was 3.11. Responds from the employees were: 51.6% at the average score and 17.2% at score 4, with the mean value landed at 2.82. There were significant differences of perception between the two groups because the t-output was at 5.884. The mean difference was 0.285, with the lower point at -0.380 and upper point at -0.190.

E. Independency

In order to achieve independency, the Entity should be free from any special relationship with the Founders. In the condition where the university was an under cloak profitable company, this independency was a difficult state to achieved. There were many related parties involved in running the business, made the conflicting interests excessive. The questions indicated the perception toward the independency of the Entity were as follows:

(16) Each body should avoid any domination by other parties, not to influenced by specific interest, free from conflict of interest, and free from any influence and pressure, therefore they could make decisions objectively

(17) Each body should carry out the function and duty according to the articles of association and regulations, do not dominate one over the other, and throw responsibilities to each other

Regarding the independency, lecturers’ answers were 39.1% at the average, 29.7% at score 4, and 21.9% at score 2. The mean value laid at 3.14. The employees’ answer were 46.9% at score 3, 25% at score 2, 18.8% at score 5, and the mean value was 3.22. There was no perception differences between those two groups because the t-output was 0.448. The mean difference value was 0.078, ranging from -0.267 to 0.043.

F. Fairness and Equality

Fairness and equality were much related to independency. As there were many related parties involved, the fairness and equality could distorted. The Entity could still treat all the stakeholders in fairness and equality, if those related parties had a good awareness of ethic and had the same mission as the Entity as a whole, that was to keep the sustainability of the university. The questions below showed the implementation of fairness and equality:

(18) The entity had to provide opportunity to the stakeholders to convey ideas and opinions for the interest of the entity, and open the access to information in correspond with the transparency principle commensurate with their appropriate position.

(19) The entity had to provide equal and fair treatment to the stakeholders in commensurate with the benefit and contribution given to the entity

(20) The entity had to provide equal opportunity in recruiting the employee, in career, and professionally carried out the duty, without differentiating by the nationality, religion, race, class, gender, and physical condition

There were 46.9% lecturers responded at score 3, 30.2% at score 4, and 17.7% at score 2. The mean value was at 3.23. Whereas 42.7% employees responded at score 3, 20.8% at score 4, and 18.8% at score 2. The mean value was 3.29. According to the t-output value of 0.474, there was no difference between the perception of the lecturers and the employees. The mean difference was 0.063, ranging from 0.198 to 0.323.

IV. DISCUSSION

The research began with the perception of relationship between the entity and its employee. As we stated before, a good relationship should be a beginning of a good business. As we found out from the answers from the lecturers, the score laid mostly at the average with the tendency to the perception that the statements and the implementation was not in commensurate. The employees tends to score lower, with most answers was at the level of perception that the implementation was not in commensurate with the statements. We could say that those answers indicated the condition was not quite good enough to begin with.

The first component of GUG was the transparency of the Foundation/University. The lecturers’ perception regarding this matter was among the average implementation, with the tendency of a level higher and a level lower. This perception was a bit different with the employees’ perception. Most of the employees thought that the implementation of the transparency was in average, with the tendency of a level lower.

In respond to the accountability matters, there was no significant difference of perception between the two groups. They both thought that the implementation of the accountability was on the average level with the tendency of a level higher.

Regarding the implementation of the responsibility components, there was a different perception between the lecturers and the employees. Most lecturers felt that the implementation was at the average, some thought the implementation was sufficient, and some thought it was not sufficient. Whereas most of the employees agreed that, the implementation of responsibility was at average level.

The perception of the lecturers regarding the implementation of independency was somewhat distributed around the average level, and there was no significant difference from the employees point of view.

Fairness and equality implementation was at the average rate, with the variance a level higher and a level lower according to the respondents’ perception. No difference detected.

The research found out that lecturers and employees shared the same perception over three components, which were the accountability, independency, and fairness and equality. They assumed that the implementation of those components were at the average, with a slight variations to a level higher or a level
lower. As for the other three components: relationship, transparency, and responsibility, the two groups have different opinion.

Regarding the relationship, the lecturers had a perception that the implementation was around the average. However, 40.1% of the employees tend to assume that the implementation was not good enough. The cause of difference was probably the different kind of relationship between the entity-lecturers and the entity-employees. As we explained in the previous section, the lecturers had somewhat a “higher” position in the organization compare to the employees. Equal to that position, the lecturer tend to have a higher value regarding their relationship with the entity, because they felt respected. Other explanation would be because not all lecturers were the regular lecturers. Regular lecturers had to oblige to all university regulations, just the same as the employees, but visiting lecturer and new-contract lecturer did not have the same obligation. Their relationship with the entity was not so tightly bound.

Majority of the lecturers stated that the implementation of transparency was at the average and sufficient. However, the majority of employees felt that the implementation of transparency was at the average but tend to be less. The difference of the perception probably because the employees had boarder insight assumption of what was happening in the internal entity, therefore they did not entirely buy all the authorized proclaim information; whereas the lecturers only see at the upper layer of the information, they did not or could not go any deeper. It was a common secret that many organizations would have “special orders” to its external auditor before the examination. In the end, the reports resulted would be according to the scenario that had been set beforehand. That kind of information which would be available to public.

The perception of responsibility implementation according to the lecturers was at the average with the tendency of a level higher and a level lower. More than half of the employees thought the implementation of responsibility was at the average level, while the other half’s perception spread quite evenly at other levels, including the lowest level. We could not find any good explanation regarding the difference between the two groups.

When we began the research, we expected to have comments from only the regular lecturers. However, most of them refused to fill in the questionnaire. They stated that it was useless, because whatever they wanted to say they had said it and nobody cares. All the response they had was only lip service. During the past 2 years, 10% of the contract and regular lecturers had moved to other universities. We believe that to majority of the regular lecturers, the condition had reached the stage of worse than worse, which drove them to be ignorant.

From the investigation we carried out, we had a long list of problems occurring. The prominent problems are:

- The salary and allowances are not sufficient to secure the lecturers and their family to live a proper life. It causes an unsafe working condition. Most of the regular lecturers are forced to work elsewhere in order to suffice their family needs. To cut the basic salary low, the entity focuses on having more visiting and new-contract lecturers. The loss is that the quality of the teaching process become out of hand. But then,

- The regular lecturers always to blame for the poor quality of the output (the students, the alumni), when in fact majority of the teaching process was carried out by the visiting lecturers due to the maximum teaching credit regulation applied to regular and contract lecturers.

- In the respondents’ opinion, the entity could have been able to compensate better if only it did not continuously build new buildings. Whereas the entity considered that it was necessary considering the growing student body. On the other hand, to the respondents’ concern, the growing student body was merely to cover the cost poured to the buildings. It means the quality of the enrolling students is not the consent anymore. Then, when the quality of the inputs is decreasing year after year, the regular lecturers are to blame. This is the circle of devil.

- The top management level focuses only to punishment, and not to reward. There are no comprehensive written regulation regarding the punishment and reward system applied. The regulations made to solve case-to-case problems and they usually generalize the case to make overall punishment.

The answer of those problems depends mostly on the Boards attitude to be aware of the destruction condition. The Boards need to sit side by side with all the stakeholders, listen to them earnestly, listen to their hearts honestly, and take necessary acts to rebuild the working environment to be a better place for all.

REFERENCES

[2] Undang Undang Republik Indonesia Nomor 16 Tahun 2001 Tentang Yayasan
[3] Undang Undang Republik Indonesia Nomor 28 Tahun 2004 pengganti Undang Undang Republik Indonesia Nomor 16 Tahun 2001 Tentang Yayasan