

Corporate Governance in Education: the Pros and Cons for Effective School Administration

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Abstract

Although efforts are being made by stakeholders to deal with the issues associated with effectiveness of school administration and governance, little attention and very scanty literature is seen to explore the workability of corporate governance in that area. This paper seeks to explain and buttress the concept of corporate governance and its application in school administration. It explains that the conscious application of good corporate governance practices (though perceived more as a business model) can also be applied into school administration by different levels of school managers. Specifically it was reiterated that just like the business sector, the application of the four P's of corporate governance which are people, purpose, process, and performance can be the focal point towards the achievement of educational goals through effective school administration, and suggested that educational administrators and managers at all levels should consciously focus on corporate governance practices as a viable way of dealing with the bottlenecks associated with school management and administration in Nigeria.

Keywords: Corporate Governance, Education, Effective School Administration.

Introduction

Ownership and management of schools in the Nigerian educational sector has in recent times become a subject of concern. Scholars and stakeholders in the sector have over time emphasized on the problems of the effectiveness of school administration. Saguin and Ramesh (2020) stated that educational systems around the world have undergone major transformations since the 1980s, largely due to the growing recognition of the central role they play as the drivers of economic and social development. In developing countries, the Millennium Development Goals, and its successor, the Sustainable Development Goals, have played a catalytic role in pushing education reform to the center of developmental debates. However, most countries have been more successful at quantitative expansion of school places and attendance rather than providing quality education.

To a large extent, the proliferation of schools with falling standards that leaves much to be desired, has given rise to management issues as school managers contend with daunting challenges of everyday processes. Governance refers to a set of rules, controls, policies and resolutions that are put in place to direct corporate behavior. It is basically concerned with the way rules, norms and actions are structured, sustained, regulated and held accountable. While governance may be the accepted term to use in mostly political circles, management/administration is used in technical, business and educational organizations. But a critical examination of both terms will reveal that both governance and management is intended to give leadership, direction and focus to the organization, and its members. They all work towards exercising influence, having rules and basic norms, structured continuous actions which are regulated, with expected accountability.

School administration is concerned with integrating appropriate human and material resources that are made available and effective for achieving the purposes of a programme of an educational institution. Kalagbor (2017) defined the concept as the process of identifying, mobilizing and utilizing scarce human and material resources relevant in education for the purpose of achieving specific educational goals efficiently and effectively. This process involves a careful and systematic use of

methods, principles, plans and procedures necessary to achieve the educational objectives (Nwankwo 1981 in Okoroma, 2016).

The administration of the educational sector at all levels is a big challenge which requires the involvement of all stakeholders. Therefore, this challenge which is basically vested in the hands of those who offer leadership are expected to explore various workable types of organizational governance to cope with the ever increasing complexities of maintaining organizational climate, the imperfections of organizational design, constantly changing conditions, internal dynamics of the organization and dealing with human issues. Although efforts are being made by stakeholders to deal with the issues associated with effectiveness of school administration and governance (Saguin 2019), little attention and very scanty literature is seen to explore the workability of corporate governance. It is in view of this that this paper seeks to explain and buttress the conscious application of good corporate governance practices (though perceived more as a business model) in school administration by different levels of school managers, as all the features of corporate governance seem workable for the educational sector in Nigeria.

The Concept of Corporate Governance

Corporate governance provides the framework for attaining a company's objectives; it encompasses practically every sphere of management, from action plans and controls done internally towards performance measurement and corporate disclosure. The WallstreetmojoTeam (2023) defines corporate governance as a set of regulations, policies, and procedures that control the functioning of an organization. It defines the Board of Directors' role, its composition, the role of Chairman, the role of CEO, risk management strategies, control mechanisms, and action plans. Also, Chen (2023) reiterates that corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Conmy (2022) defined corporate governance as a set of rules, practices, and processes used to direct and control an organization where the Boards of Directors are the primary force determining corporate governance. Accounting, transparency, fairness, and responsibility are the four fundamental principles of corporate governance. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the society in general.

Corporate governance has to do with the setting up of rules, processes and practices by which a firm or organization is being controlled and carries out its activities. It has to do with the organization's set of regulations, policies and procedures which has to do with its effective functioning by defining the role of the Board of Directors, their composition, the role of the Chairman, the role of CEO, risk management strategies, control mechanisms, action plans, etc. The Investopedia (2023) defines corporate governance as the structure of rules, practices and processes used to direct and manage a company. Corporate governance also involves the balancing of the organization's interests as it applies to its shareholders, senior management executives, customers, suppliers, financiers, the government, the community, etc.

The social demand approach to educational planning sees education as the right of every individual and believes that it should be given to all who want it (Walson, 2001). The social demand approach of educational planning which consistently increases enrolment rates of pupils and students is one factor which allows for proliferation of schools, corroborating the National Policy on Education (2014) projection that population increase will have serious consequences for the nation's education sector. Schools are established to increase access to education, and the FRN (2014) encourages both individuals and the government to establish schools to meet this need. Therefore, ownership, management and funding of Nigerian schools come with establishing workable plans, models and leadership which can toe the prescription of a corporate governance model.

Corporate governance is the foundation of any organization's functioning and business conduct, inclusive of the education sector. According to the WallstreetmojoTeam (2023), effective corporate governance therefore includes the following elements:

A seamless corporate structure made up of clear roles, responsibilities, policies, practices, procedures, and code of conduct;

Diversity of the board.

A strategically designed risk management plan.

Cordial inter-personal relations and trust among stakeholder.

Complete disclosure of all organizational/corporate information, including the sustainability report on the ESG practices (Environmental, Social and Governance).

Safeguarding and centralizing shareholders' rights to dividend and other benefits.

Containing proxy, influenced voting and other unfair practices.

Timely review and revision of remuneration; and

Giving freedom to auditors to check company's accounts so as to be able to prepare fair audit reports.

The key players in corporate governance framework include:

Board of Directors (BOD)

They are the ones that take crucial decisions to attain long-term business objectives.

Management

The management is a subset of the BOD led by the Chief Executive Officer (CEO) of the business. The CEO is responsible for all forms of business transactions, formulation of strategies and evaluation of associated risks.

Shareholders

They are investors who have put their hard-earned money into the company anticipating positive returns. They cannot track corporate affairs on a daily basis; therefore, they rely on the directors they have employed in the business. The shareholders also appoint auditors who are responsible for the business's financial affairs.

The primary purpose of Corporate Governance is the safeguarding of stakeholders' interests, and is considered to be an organization's modus operandi comprising rules, practices, regulations, policies, and procedures. These guidelines control business, buttressing that a company with good Corporate Governance reflects fair business practices. This is made possible by employing robust risk management systems, diversity, independent auditors, satisfied stakeholders, progressive compensation models, transparency and accountability. Poor corporate governance can be destructive. Shareholders and investors will lose faith, consumers will be dissatisfied, and ultimately the corporate brand image will be tarnished.

Chen (2023) highlighted the benefits of corporate governance as:

Good corporate governance creates transparent rules and controls, provides guidance to leadership, and aligns the interests of shareholders, directors, management, and employees.

It helps build trust with investors, the community, and public officials.

Corporate governance can provide investors and stakeholders with a clear idea of a company's direction and business integrity.

It promotes long-term financial viability, opportunity, and returns.

It can facilitate the raising of capital.

Good corporate governance can translate to rising share prices.

It can lessen the potential for financial loss, waste, risks, and corruption.

It is a game plan for resilience and long-term success.

Principles of Corporate Governance

Corporate governance builds the framework for running a business; it serves the interest of its stakeholders and ensures fair business practices. Efficient structures ensure dynamism, values, norms, ethical business practices, and transparency. Although there are many principles an organization believes to be workable and makes sense, the more well-known principles of corporate governance are outstanding and they include: accountability, transparency, fairness, responsibility, and risk management. The five principles of corporate governance are further discussed:

Accountability

Accountability in this context applies to both leadership and staff members as everyone is expected to embrace ownership mentality, owning to reward and risk so as to effectively apply their individual work strategies to every assigned task or duty towards attaining organizational goals and objectives.

Transparency

Transparency in simple terms means being clear about everything with nothing to hide. Transparency as a pillar of corporate governance explains that all processes, transactions and information should be timely, accurate, clear and available for people who may want to check or verify decisions, actions or documents by the business with regards to their finances, performance, conflicts of interest, risk, etc.

Risk Management

The management of the organization should have in place systems and processes that can be used to identify and manage risk issues that may arise; as well as procedures and policies to prevent them.

Fairness

Eliminating discrimination in business practices, regulations, and procedures; as well as ensuring that both stakeholders and minority are treated equitably with equal consideration.

Responsibility

This implies that everyone comprising of stakeholders and minorities are liable for their actions by way of how they perform task and responsibilities assigned to them.

Corporate Governance for Effective School Administration

A sound administration is a sine-qua-non for any organization aiming at achieving its goals. Administration is the growth of skill in dealing with human relationships which constitute the essential knowledge of administrative effectiveness, (Otamiri 2021). The effectiveness of the school system has always been a central issue in the successive reform plans of school administrators and government agencies. Saguin (2019) opined that education systems all over the world have experimented with different ways to introduce education governance as a response to the quantitatively and qualitatively challenges in education for the improvement of educational services. This is buttressed by Mosaku-Johnson (2017) that governance has become a major leverage tool for improving quality in all aspects of education. He emphasized that:

The first type of governance arrangements demonstrates and results from the capacity of institutions to show they can make good use of the autonomy given to them.

A second type of arrangements aims to help institutions adopt corporate governance in line with the new philosophy.

The third category of arrangements is a response to protect institutions from fraud or mismanagement by owners, teachers and students.

All categories of governance arrangements address the issue of trust in education. Governance arrangements and quality guidelines play similar roles in helping institutions become more effective. Although educational administration has the nature of a non-profit making service, it is primarily a social enterprise, as it is more concerned with human resources and is similar to general administration in many ways, and often seen as is a complex affair.

As earlier stated corporate governance consists of the guiding principles that a company puts in place to direct all of its operations, compensation, risk management, employee treatment, unfair practices, business climate, etc. The four P's of corporate governance which are people, process, performance and purpose can be the focal point to hinge on in applying corporate governance in school administration.

Application of the 4ps of Corporate Governance in School Administration

Figure 1.1 Source: Researchers' Desk (2023)

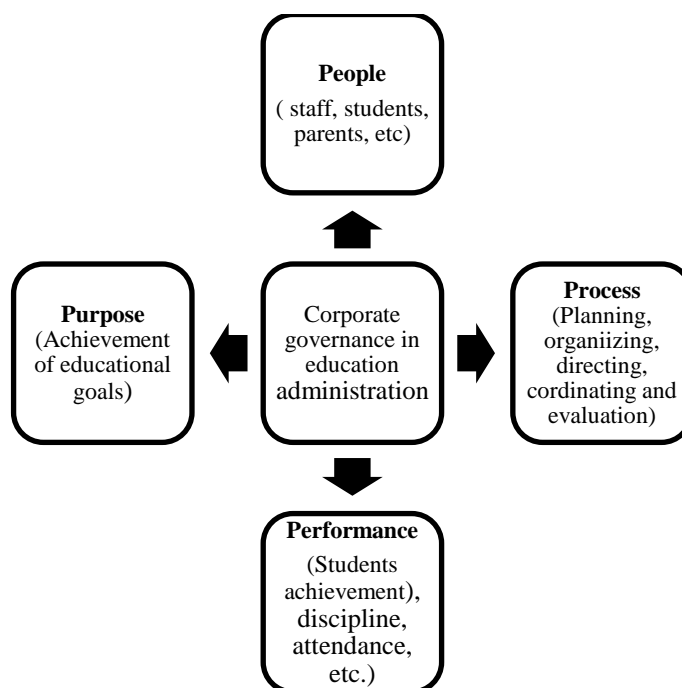


Figure 1.1 above explains that the 4ps of Corporate Governance comprising people, process, performance and purpose is also found in school administration and occurs in the form of People (School staff, students, parents, etc.); Process (Planning, organizing, directing, coordinating and evaluation), Purpose (Achievement of educational goals) and Performance (Students achievement, discipline referrals, attendance and graduation rates, teacher satisfaction, etc).

People

Human resources (people) are the most important in any organization and in most cases the reason why the organization exists and the school organization is no exception. The students, staff members, parents, school community, and various categories of vendors and suppliers all form part of the stakeholders who yearn for satisfaction and some degree of benefit in the education sector. To that end, putting in place policies as stipulated by corporate governance to regulate the activities of each of these categories of people will go a long way in meeting their specific needs, especially when they are seen as customers, and the reason why the organization exist. A dedication to the understanding and satisfaction of these customers' needs, all the time will be the central goal of the organization. Therefore, very clear roles, responsibilities, policies guiding the operations, practices, procedures, and code of conduct for each of these categories of persons will be clearly stated.

Purpose

Just like the tenets of corporate governance, every organization has a purpose why it is established, and one of the basic features of the school as a formal organization is having a purpose. Every category of school is set up to achieve a specific purpose, and as such the consideration of purpose in corporate governance fits well into school administration. Gray, 1993; Uitto & Saloranta, 2017 in Salvioni & Cassano (2017) posited that a socially responsible school assumes behaviors that seek to involve stakeholders to better understand their expectations and priorities and transfer these into defining the strategy and goals, into monitoring the objectives in view of promoting the activities and accountability. Consequently, social responsibility and sustainability are associated with transparency, reputation, consensus and effective monitoring of results, ensuring continuous quality improvements in the core business of the schools.

Process

All over the world, the main function of management or administration in different organizations inclusive of the education remain the same. Following processes through greatly helps to achieve a goal. These functions are carried out through a number of activities which are closely

related and interdependent, and generally referred to as the administrative process. The functions of educational administration covers the following aspects relating to management known as “The Administrative process” is the way organizations make decisions and takes actions to achieve its goals. The administrative processes as propounded by Henri Fayol in 1916 known as the elements of management involve a number of interrelated and interdependent activities comprising of: Planning, Organizing, Directing, Co-coordinating and Controlling.

The prime concern of administration of any programme is proper accomplishment of the pre-fixed purposes and goals. This becomes possible through adequate utilization of both human and material resources with the purpose of bringing qualitative improvement of the programme. For this, there is the necessity of different aspects of management which are accepted as the functions of administration.

Beyond the five functions stated by Fayol, other schools have included more functions to cover the vast area of administration. Educational institutions and others have listed that the job of an administrator can be summarized through the process of Planning, Organizing, Directing, Staffing, Coordinating, Reporting and Budgeting (PODSCORB).

Performance

Performance of the organization is the key skill in any industry inclusive of the education sector. Performance is the ability to look at the results of a process and determine if it was successful (or successful enough), and then apply those findings to the rest of your organization, is one of the primary functions of the governance process. Corporate governance is also being able to analyze organization performance and decide if administrative functions are successful (or successful enough) and then use those results for the rest of the organization. It is therefore expected that good corporate governance should lead to better performance. Studies by Mohammed (2012) support this view by attesting that there is a positive relationship between corporate governance and firm performance. The indicators of performance in school administration can be assessed through students’ achievement, discipline referrals, attendance rates, graduation rates and teacher satisfaction.

Mosaku-Johnson (2017) reiterates that governance has become a crucial issue in education because the sector has been facing dramatic changes over recent decades, including: expansion of education systems: diversification of provision: new institution types have emerged, educational offerings within institutions have multiplied and private provision has expanded; new modes of delivery: more flexible ways of provision (such as distance learning and e-learning) have been developed, more heterogeneous student bodies: female participation has increased and there are more mature students enrolled in higher education. Student bodies are also heterogeneous in terms of socio-economic background, ethnicity and previous education; the growing internationalization of higher education; research and innovation are leveraging knowledge production: institutions are making a major contribution to research and innovation by creating new knowledge through scientific and technological research and by training skilled workers through their educational mission. He further buttressed that a number of trends are also evident in educational funding arrangements as institutions have been under pressure to diversify their revenues and reduce their dependence on public funding. Firstly, there has been a diversification of funding sources. Secondly, public funding for tertiary education is increasingly characterized by greater targeting of resources, performance-based funding and competitive procedures. The effects of these challenges on governance are diverse. Institutions of tertiary education, as recipients of public funds, are experiencing new pressures to adjust rapidly, efficiently and fairly to the expanding and changing demands of society and the labor market. A major issue for institutional governance and research funding is to make the latter more relevant to society and the economy.

Conclusion

Despite the business colorations of corporate governance, its core principles can be adopted in school administration for the satisfaction of all stakeholders. This is because corporate governance consists of the guiding principles that a company puts in place to direct all of its operations. Therefore, a focus on people, purpose, process and performance when meticulously employed through upstanding, transparent company behavior can lead to making ethical decisions that benefits all of its stakeholders.

Suggestions

Given the foregoing, the paper suggests that:

Educational administrators and managers at all levels should consciously focus on corporate governance.

Corporate Governance practices should be considered as viable ways of dealing with the bottlenecks associated with school administration in Nigeria.

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