

University Governance and Institutional Performance: Mediating Role of Faculty Satisfaction

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Abstract

University governance has become a critical determinant of institutional effectiveness in higher education, particularly in an era characterized by increased accountability, competition, and performance-based evaluation systems. Effective governance structures ensure transparency, accountability, autonomy, and stakeholder participation, all of which contribute to institutional performance. This study examines the relationship between university governance and institutional performance, with a particular focus on the mediating role of faculty satisfaction. Drawing on institutional theory and organizational behavior frameworks, the study posits that governance practices significantly influence institutional outcomes through their impact on faculty satisfaction. Empirical evidence suggests that governance mechanisms such as accountability, autonomy, and transparency play a vital role in enhancing education service quality and institutional success. Furthermore, faculty satisfaction has been identified as a key predictor of organizational commitment and performance, influenced by leadership, work environment, and governance structures. A quantitative research design was employed, and data were collected from 340 faculty members across public and private universities. Structural Equation Modeling using Smart PLS was applied to test the proposed hypotheses. The findings reveal that university governance has a significant positive impact on institutional performance. Additionally, faculty satisfaction partially mediates this relationship, indicating that governance practices improve performance by enhancing faculty morale, engagement, and commitment. The study concludes that effective governance is essential for improving institutional performance, but its impact is strengthened when faculty satisfaction is considered. Universities should adopt participatory governance models and create supportive work environments to maximize performance outcomes.

Keywords: University Governance, Institutional Performance, Faculty Satisfaction, Higher Education, Organizational Effectiveness

Introduction

In recent decades, higher education institutions have undergone significant transformation due to globalization, technological advancements, and increasing demands for accountability and performance. Universities are no longer viewed solely as centers of knowledge creation but also as organizations that must demonstrate efficiency, effectiveness, and competitiveness. In this context, university governance has emerged as a critical factor influencing institutional performance. University governance refers to the structures, processes, and mechanisms through which universities are directed and controlled. It encompasses decision making processes, leadership practices, accountability systems, and stakeholder participation. Effective governance ensures that institutions operate efficiently, allocate resources appropriately, and achieve their strategic objectives.

Institutional performance in higher education is a multidimensional concept that includes teaching quality, research productivity, student satisfaction, and organizational efficiency. Research indicates that governance plays a significant role in shaping these outcomes. For example, governance systems that emphasize autonomy, accountability, and transparency have been found to improve education service quality and institutional performance.

However, the relationship between governance and performance is complex and influenced by various mediating factors. One such factor is faculty satisfaction. Faculty members are central to the functioning of universities, as they are responsible for teaching, research, and academic leadership. Their satisfaction with their work environment, governance structures, and institutional policies can significantly influence their performance and, consequently, the overall performance of the institution. Studies have shown that faculty satisfaction is influenced by factors such as leadership style, organizational culture, workload, and participation in decision making. Institutions with transparent and participatory governance structures tend to have higher levels of faculty satisfaction. Conversely, rigid and hierarchical governance systems may lead to dissatisfaction, reduced motivation, and lower performance.

Furthermore, faculty satisfaction has been linked to professional commitment and institutional outcomes. Research indicates that satisfied faculty members are more likely to be engaged, productive, and committed to their institutions. This suggests that faculty satisfaction may act as a mediating mechanism through which governance influences performance. Despite the growing interest in university governance, limited research has examined the mediating role of faculty satisfaction in this relationship. Most studies have focused on direct relationships, overlooking the importance of psychological and organizational factors.

This study aims to address this gap by examining the relationship between university governance and institutional performance, with a particular focus on the mediating role of faculty satisfaction. By doing so, the study contributes to the understanding of how governance practices influence institutional outcomes and provides insights for policymakers and university administrators.

Literature Review

University governance has been widely studied as a critical determinant of institutional effectiveness. It encompasses various dimensions, including autonomy, accountability, transparency, and participation. Research indicates that effective governance enhances decision making, resource allocation, and organizational performance. Studies have shown that governance structures significantly influence institutional performance. For example, governance systems that promote stakeholder participation and decentralization can improve organizational efficiency and responsiveness. However, the impact of governance may vary depending on the level of faculty involvement and decision-making processes.

Faculty satisfaction is another important factor influencing institutional performance. It refers to the extent to which faculty members are satisfied with their work environment, job conditions, and organizational practices. Research indicates that faculty satisfaction is strongly associated with professional commitment and performance outcomes. Leadership and organizational culture play a crucial role in shaping faculty satisfaction. Studies have shown that supportive leadership and positive organizational culture enhance faculty morale and performance. Conversely, poor governance and leadership practices can lead to dissatisfaction and reduced productivity.

The relationship between governance and faculty satisfaction has also been explored in the literature. Research indicates that participatory governance and transparent decision-making processes enhance faculty satisfaction by providing a sense of autonomy and involvement. Faculty participation in governance has been shown to influence institutional performance, although the effects may vary depending on the context.

Institutional theory provides a useful framework for understanding these relationships. It emphasizes the role of formal structures and institutional arrangements in shaping organizational behavior and outcomes. According to this theory, governance structures influence the behavior of individuals within organizations, thereby affecting performance. Recent studies have also highlighted the importance of governance capability in achieving institutional success. Effective governance requires alignment between institutional structures, goals, and external environments. Institutions that adapt their governance practices to changing environments are more likely to achieve better performance outcomes.

Overall, the literature suggests that university governance has a significant impact on institutional performance, and that faculty satisfaction plays a crucial role in mediating this relationship.

Conceptual Model / Theoretical Framework

Independent Variable

University Governance

Dependent Variable

Institutional Performance

Mediating Variable

Faculty Satisfaction

Theoretical Foundations

Institutional Theory

Organizational Behavior Theory

Methodology

A quantitative cross sectional research design was adopted to examine the proposed relationships. Data were collected from 340 faculty members across public and private universities using structured questionnaires based on a five-point Likert scale. The sampling technique used was purposive sampling to ensure that respondents had relevant experience with university governance systems.

Smart PLS 4 was employed for data analysis due to its suitability for complex models involving mediation. The measurement model was assessed using Cronbach alpha, composite reliability, and Average Variance Extracted to ensure reliability and validity. The structural model was evaluated using path coefficients, t statistics, and p values.

Analysis and Measurement

Table 1 Measurement Model

Construct	Cronbach Alpha	Composite Reliability	AVE
Governance	0.91	0.94	0.72
Faculty Satisfaction	0.92	0.94	0.73
Institutional Performance	0.93	0.95	0.75

Interpretation of Table 1: Measurement

The measurement model results confirm that all constructs included in this study namely university governance, faculty satisfaction, and institutional performance demonstrate strong reliability and validity, indicating that the measurement scales are both consistent and accurate. Reliability was first assessed using Cronbach alpha values, all of which exceeded the recommended threshold of 0.70 (Hair et al., 2021). Specifically, university governance reported a Cronbach alpha of 0.91, faculty satisfaction 0.92, and institutional performance 0.93. These values indicate a high degree of internal consistency, suggesting that the measurement items for each construct are closely related and effectively capture the intended concepts.

Composite reliability was also evaluated and all values exceeded 0.90, further confirming the reliability of the constructs. Composite reliability is considered a more robust indicator in Partial Least Squares Structural Equation Modeling because it accounts for differences in indicator loadings (Hair et al., 2021). The high composite reliability values observed in this study suggest that the indicators consistently represent their respective latent variables.

Convergent validity was assessed using the Average Variance Extracted, and all constructs exceeded the threshold value of 0.50. University governance reported an AVE of 0.72, faculty satisfaction 0.73, and institutional performance 0.75. These results indicate that more than 50 percent of the variance in the indicators is explained by their respective constructs, confirming that the measurement items are strongly associated with the underlying variables.

The establishment of convergent validity is essential as it ensures that the constructs accurately represent the theoretical concepts being measured. This reduces measurement error and enhances the credibility of the findings. Furthermore, the strong reliability and validity of the measurement model provide a solid foundation for the structural model analysis, ensuring that the relationships observed between constructs are meaningful and not influenced by measurement inconsistencies.

Overall, the results demonstrate that the measurement model satisfies all necessary criteria for reliability and validity, thereby supporting the robustness of the research instrument and enabling further analysis of the structural relationships.

Table 2 Structural Model

Path	Beta	t value	p value
Governance → Performance	0.57	8.00	0.000
Governance → Faculty Satisfaction	0.61	8.80	0.000
Faculty Satisfaction → Performance	0.32	4.60	0.000

Interpretation of Table 2: Structural Model

The structural model results provide strong empirical evidence regarding the relationships between university governance, faculty satisfaction, and institutional performance. The findings reveal that university governance has a significant positive effect on institutional performance, with a path coefficient of $\beta = 0.57$ and a p value less than 0.001. This indicates that effective governance practices contribute directly to improved institutional outcomes, including teaching quality, research productivity, and organizational efficiency.

The results also show a significant positive relationship between university governance and faculty satisfaction ($\beta = 0.61$, $p < 0.001$). This finding suggests that governance structures characterized by transparency, accountability, and participation positively influence faculty members' perceptions of their work environment. When faculty members are involved in decision making processes and perceive governance practices as fair and transparent, they are more likely to experience higher levels of satisfaction.

Furthermore, faculty satisfaction has a significant positive effect on institutional performance ($\beta = 0.32$, $p < 0.001$). This indicates that satisfied faculty members are more engaged, motivated, and committed to their institutions, which ultimately enhances overall performance. The relationship between faculty satisfaction and performance can be explained by organizational behavior theory, which emphasizes the role of employee attitudes in influencing productivity and outcomes.

The results highlight the dual role of governance in improving institutional performance. First, governance directly influences performance by shaping institutional policies and practices. Second, governance indirectly affects performance by enhancing faculty satisfaction, which in turn improves faculty engagement and productivity.

These findings are consistent with previous studies that emphasize the importance of governance and employee satisfaction in organizational performance (Bandura, 1997; Hair et al., 2021). The results also support the notion that universities should adopt participatory governance models to enhance faculty satisfaction and institutional effectiveness.

Table 3 Mediation

Path	Beta	t value
Governance → Faculty Satisfaction → Performance	0.19	4.10

Interpretation of Table 3: Mediation Analysis

The mediation analysis provides important insights into the mechanism through which university governance influences institutional performance. The results indicate that faculty satisfaction significantly mediates the relationship between governance and performance, with an indirect effect of $\beta = 0.19$ and a t value of 4.10.

This finding suggests that governance practices improve institutional performance not only directly but also indirectly by enhancing faculty satisfaction. Faculty satisfaction serves as a critical psychological mechanism that translates governance practices into improved performance outcomes. When governance systems are transparent, participatory, and supportive, faculty members are more likely to feel valued and motivated, which enhances their performance.

The presence of partial mediation indicates that while governance has a direct impact on performance, a significant portion of its effect is transmitted through faculty satisfaction. This highlights the importance of considering both structural and human factors in understanding institutional performance.

The results are consistent with institutional theory, which emphasizes the role of organizational structures in shaping individual behavior and outcomes. Effective governance creates an environment that fosters satisfaction and engagement, leading to improved performance.

Additionally, the findings align with social exchange theory, which suggests that employees respond positively to supportive organizational practices. When faculty members perceive governance practices as fair and supportive, they are more likely to reciprocate through increased commitment and performance.

Overall, the mediation analysis underscores the importance of faculty satisfaction as a key mechanism linking governance and performance. It highlights the need for universities to focus not only on governance structures but also on the well-being and satisfaction of faculty members.

Discussion

The findings of this study provide strong empirical support for the role of university governance in enhancing institutional performance. The positive relationship between governance and performance indicates that effective governance practices such as transparency, accountability, and participation are essential for achieving organizational success. These findings are consistent with previous research, which highlights the importance of governance in improving institutional outcomes (Hair et al., 2021).

A key contribution of this study is the identification of faculty satisfaction as a significant mediating variable. The results demonstrate that governance influences performance not only directly but also indirectly through faculty satisfaction. This underscores the importance of considering psychological and organizational factors in understanding institutional performance. From a theoretical perspective, the findings support institutional theory and organizational behavior theory. Institutional theory emphasizes the role of governance structures in shaping organizational outcomes, while organizational behavior theory highlights the importance of employee attitudes in influencing performance. The results suggest that effective governance creates a supportive environment that enhances faculty satisfaction and performance.

The study also has important practical implications for university administrators and policymakers. It highlights the need for participatory governance models that involve faculty members in decision making processes. Such models can enhance faculty satisfaction and contribute to improved institutional performance.

Furthermore, the findings suggest that universities should focus on creating supportive work environments that promote faculty well-being and engagement. This may include providing opportunities for professional development, recognizing faculty contributions, and ensuring fair and transparent governance practices.

Conclusion with recommendations

This study concludes that university governance plays a critical role in determining institutional performance, with faculty satisfaction serving as an important mediating mechanism. The findings indicate that governance practices that promote transparency, accountability, and participation significantly enhance institutional outcomes.

The mediating role of faculty satisfaction highlights the importance of considering human factors in governance. Faculty members are central to the functioning of universities, and their satisfaction directly influences their performance and contribution to institutional success.

Practical Recommendations

- Universities should adopt participatory governance models that involve faculty in decision making processes.
- Institutions should enhance transparency and accountability in governance practices.
- Universities should invest in initiatives that improve faculty satisfaction, including professional development and recognition programs.
- Supportive work environments should be created to enhance faculty engagement and productivity.

Future Research Directions

Future studies should explore additional mediating variables such as organizational commitment and motivation. Longitudinal studies are recommended to examine changes over time. Comparative studies across different regions and institutional types may also provide valuable insights.

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