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Multiple-Case Analysis in Understanding Governance Implementation in Indonesia'S Local Companies

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Abstract. Corporate governance has been proven to contribute to many important elements in organizational development. However, the diversity of problems faced by organizations in terms of implementing corporate governance invites exploration, especially regarding the variety of commitment levels and types of strategic control. This study aims to explore the contextual practice of governance in terms of commitment to implementing good governance and strategic control in companies experiencing stable revenue in the long term. Utilizing a qualitative method, this study presents two case studies that explore the aforementioned governance aspects in two local companies in Indonesia, operating in South Sulawesi. The study reveals that even organizations experiencing stable income conditions have a confirmed awareness for implementing governance, related to its culture, structure, and dissemination of core values. Such relevant practices may lead to positive commitment. It also suggests that a structured and systematic coordination pattern is essential for management to make quality decisions. Finally, the study contributes to the institutional theorizing of governance with a focus on commitment and strategic control.

Keywords: Corporate Governance; Organizational Culture; Strategic Control

1. Introduction

Research on the implementation of governance in various types of industries has been developed by researchers in several academic fields. This has become an important topic recently as a result of the premise that the concept of governance has a positive impact on the sustainability of companies (Scalia, Barile, Saviano, & Farioli, 2018), company performance (Masulis, Wang, & Xie, 2012), and the ability to face turbulence or crises (Al-Gamrh, Ku Ismail, & Al-Dhamari, 2018). Moreover, the concept of good governance has also provided many insights into incremental aspects of the organizational process, for example, organizational structure, decision-making processes, as well as formulation and implementation of strategies. However, the concept of governance when linked with organizational culture and strategic control has not been extensively researched in the context of specific industries.

Corporate governance, which is a significant breakthrough in the development of structures and responsibilities of top management as well as its relationship with various stakeholders in the company, continues to face real challenges due to the many differences in opinions about how good or bad the current governance mechanisms are. Corporate governance receives positive evaluations related to its positive impact on protecting the rights of shareholders and organizational commitment (Purwanto, Tampil Purba, Bernarto, & Sijabat, 2021) as well as organizational performance (Adebayo, Ibrahim, Yusuf, & Omah, 2014). However, governance is still associated with company failures (Lakshan & Wijekoon, 2012), poor performance of internal financial control systems (Najm, Alnidawy, & Yousif, 2022), high CEO compensation, and corporate scandals (Soltani, 2014). Such unpleasant events and outcomes can significantly affect the organizational commitment towards the company's relationship with its employees.

In studying the phenomenon of governance implementation in the above aspects, a contextual approach becomes important. This is greatly influenced by the uniqueness of the organization, for example, in terms of size, stage, internal and external environment, and type of industry. The diversity of practices implemented in each organization is a research finding that can be an interesting reference for other organizations with contextual similarities.

This research aims to explore contextual governance practices in terms of commitment to the implementation of good governance and strategic control practiced by local organizations in Indonesia. This research was conducted in two companies that have characteristics of relatively stable revenue (recurring-revenue), clear market segments, and possibly as a single provider within their market scope. The researchers' interest in focusing on the above types of companies is due to a monopoly mentality that can impact low responsiveness, increased bureaucracy, and a lack of continuous improvement (Salerno, Dorobat, & McCaffrey, 2021). These types of companies are characterized by stable, predictable, and regular business market segment revenue. This is implemented in the form of long-term sales contracts or definite sales quotas over a relatively long period.

This research brings novelty in understanding the dynamics of corporate governance by emphasizing on the aspects of organizational culture and strategic control in the context of the local Indonesian industry that has not been much explored before. Focusing on stable-revenue companies, this research offers new insights on how effective governance can affect organizational commitment and the effectiveness of strategic control in facing dynamic and competitive market conditions. The contextual approach taken in this research allows for identifying and analyzing unique governance practices that may not have been revealed in previous studies, making an important contribution to the literature on corporate governance and strategic management. This novelty is expected to provide guidance for other companies in developing and implementing more adaptive and responsive governance practices to their unique needs. The research question posed in this study is how the implementation of governance is related to organizational commitment and strategic control in stable-revenue local companies in Indonesia.

2. Literature Review

The term "corporate governance", firstly introduced by the Cadbury Committee in 1992, was generally defined as processes, structures, and mechanisms that influence the control and direction of corporations. It is basically rooted on the control mechanism of the top executive regarding with the achievement of the organization's objective. The concept furtherly were expanded to stakeholders relation patterns, (OECD, 2015) which covers approved rules and organizational culture involved in the relationship interaction. Along with the concept development, significant contributions from various disciplines, such as management, accounting, law and other studies have made this a robust concept.

When discussing from an organizational perspective, there are at least two grand theories that discuss governance topics. The first is Agency Theory, developed by Jensen and Meckling in 1976 (Jensen, 1993) that explores the relationship between two cooperative parties. The second is Stewardship Theory that focuses on cooperation and collaboration in explaining relationships (Sundaramurthy & Lewis, 2003).

The importance of corporate governance in solving many organizational problems makes many world-class institutions participate in developing this concept so that it can be applied at the implementation level. For example, the World Bank formulated the concept of corporate governance in the context of government organizations, state and regional owned companies, and even small medium enterprises. This institution has also identified five key governance topics that are application-oriented at the level of business organizations. The five topics are (1) Culture and Commitment to Good Governance; (2) Decision Making and Strategic Oversight; (3) Risk Governance and Internal Controls; (4) Disclosure and Transparency; and (5) Ownership (IFC, 2019).

In this study, researchers focused on the first two topics, that indicate the foundation of practical implementation.

Commitment to Good Governance

OECD identified this topic as a pledge or intellectual trustworthiness for demonstrating corporate governance based on executive perspectives. It identified some important aspects that reflect good commitment, i.e organizational culture; organizational structure that facilitate implementation of good governance; and key policies and processes that support good governance implementation (OECD, 2015). Those aspects basically are inter-related dimensions, such as, key policies are set up to raise stakehokder's awareness; and ethical standards are integrated part of culture. Moreover, organizational culture is the set of basic assumptions, shared values, and processes, or shared set of values, customs and rituals that unify the way of thinking and behavior of employees in the company.

Governance scholars revealed some practical dichotomy of organizational culture, for instance, healthy and unhealthy organizational culture (Vveinhardt & Petrauskaitė, 2013); strong or weak culture (Sbm, 2017); high or low performance (Masulis et al., 2012). Such findings reflect level commitment based on experiences and events that may have appeared different in every single company. Therefore, the relationship between culture and commitment is a research topic that is always interesting to be observed.

Previous research regarding this topic identified three kinds of commitment type, namely affective, continuance and normative commitment (Najm et al., 2022). Other research revealed that organizational commitment positively and considerably affects companies by reducing employee turnover, absenteeism, and other working problems. Those results have also affirmed that organizational commitment increases job satisfaction, improving performance and productivity (Singh & Gupta, 2015).

Similar to organizational culture, organizational structure and key policies considerably vary depending on the industrial context. There are many patterns of structures that can be approached, such as centralized and decentralized organizational structure, well-defined roles, responsibilities, reporting lines and authorities.

Strategic Control

Strategic control was defined as a process of monitoring and correcting a firm's strategy and performance (Wheelen T. L & Hunger, 2015). It implies an active involvement by top management in the determination of the strategic activities pursued by the functional parts of an organization.

OECD identified at least two aspects in organization highly related to strategic control, decision making process and human resource management (OECD, 2015). This dimension addresses strategic stewardship of the company and the role of decision making in determining its future. Management needs to ensure that the business has the depth of expertise required to take it into the future. This can be achieved through the development of appropriate human resources policies.

It is identified that most governance studies do not directly address how governance impacts on decision-making (Turner, 2020), Therefore he identified how governance influences the decision making process. The study found that geovern mentality as a psychological construct brings impacts on decision making quality. Other study reveals that coordination is a key factor in elevating the effectiveness of decision making process, especially when complexity exists. Particular tension among decision makers was identified, where coordination may emerge new perspectives for new solutions (Wall, 2019).

Other aspect of strategic control is contingency planning, the most relevant topic when discussing uncertainty and ambiquity situation. Contingency planning covers policy instruments that outline protocols and guidelines, in anticipating critical events, such as a pandemic (Mattei & Vigevano, 2021).

3. Methodology

The research employs multiple case studies, using two companies as observed organizations (Ababacar Sy Diop & Liu, 2020). The aim of the research is to investigate how the precautionary principle of governance, in terms of commitment and strategic control, has been applied in practice in two specific companies, that characterized long-term stable revenue. In this research, we employ a multi-case study method. In line with (Guntur, 2019) suggestions, the two cases that this study examines are not an arbitrary selection. They include all possible combinations of three control variables: namely, (1) stable-revenue companies, (2) company size; and (3) operated in the same region.

Observed Companies. This study selects two observed companies that fulfill above criterias. Firstly, PT. TL is a company engaged in inter-island transportation, utilizing modern transport vessels and is dedicated to distributing cement produced by one of the biggest cement manufacturers in eastern part of Indonesia. This company was founded in 1989, is an affiliate company of the Semen Indonesia Group, Indonesia's state owned company that produces cement products. The number of permanent employees involved in this company is 343 people in 2021. This company's income from affiliated companies is as much as 85.10%, even in the previous year the proportion of this income reached 100%. Its financial performance indicates a stable earning profile that leads to a profitable company within a five-years period.

Secondly, PD. AMTE was founded in 1982 by Bantaeng district government, South Sulawesi. This company is a regionally owned company that aims to provide clean water services for the people of Bantaeng district. This company experienced an increasing revenue trend over the last five years, in line with the increasing number of clean water customers in its coverage area. The financial statements show that this company has not been able to record profits in 2020 and 2021, but the tendency is to experience a decrease in losses.

Our primary data was collected from 7 informants with top and middle management teams (4 managers were interviewed in PD. AMTE and 3 in PT. TL). There are seven main questions raised in the interview related to commitment and eight topics related to strategic control.

The data collection and analyses were highly iterative processes in this research. Staggering the volume of data in this study was possible by focusing on two aspects: (1) commitment to good governance, and (2) strategic control.

Sampling. Data collection and analysis case studies can employ multiple research methods which enable exposure to varied perspectives and provide rich and comprehensive data (Lauckner, Paterson, & Krupa, 2012). Data in the form of interviews, document review and an observation of both companies was collected at each site from March to June 2022. Interviews allow participants freedom to express their experience without the self censorship that may occur in a focus group setting. They also allow exploration of abstract constructs that are not easily examined through observational methods. Interviews were sought with the Director, Commissioner, Department Head and senior staff member with designated responsibility for corporate culture and strategic affairs. Semi-structured interviews were held with seven participants/informants.

Interviews. This study emphasized the importance and use of interviews within qualitative research. Interview is a research method to obtain data through perceptions and experiences of individuals and it provides flexibility in collecting data and analysis. This study employs semi structured interviews as a perceived match with the research context. To fulfill the requirements of qualitative research, interview protocols were established as guidelines of the researcher in obtaining data.

companies with stable revenue in Indonesia. Through the use of multiple case studies focusing on two selected companies, this research acknowledges and leverages the strengths of a qualitative approach to reveal unique nuances and dynamics that might not be identified through quantitative methods or studies with a broader sample.

In this context, selecting only two companies, which might seem to limit analytical generalization, is actually a strength. These companies were chosen because they offer a valuable opportunity to study governance practices in very specific situations, covering control variables such as company size, revenue type, and regional context. Thus, these cases provide valuable insights into how governance principles are implemented and how commitment and strategic control are built and managed under these unique conditions.

Critiques regarding the lack of specificity in interview guide questions and the selection of cases are addressed by emphasizing that both aspects were strategically designed to maximize the depth and relevance of findings. Flexible interview questions allow researchers to deeply explore informants' perceptions and experiences, while focused case selection ensures that this research can reveal specific and applicable governance practices within a very limited context.

Thus, this research not only contributes to academic literature by offering a richer and more differentiated understanding of corporate governance but also provides practical insights for practitioners and policymakers in designing and implementing effective governance strategies under specific market and operational conditions.

Table 1. Interview protocol

Method	Semi-structured Interviews
Duration of interview	20 - 45 mins.
Level of interviewees	Director/Commissioner/Department Head/Senior Staff
Language	Bahasa Indonesia
Interview place	On site at the observed companies.
Morality and ethics	Followed the common ethical practices.
Recording	The researcher asked permission from the informant about the recording of the interview. Recording was carried out after obtaining the consent of the informant.
Information exchange	Detailed information was provided about the observed companies, Preliminary questions were addressed in advance.
Question types	Open-ended

Interview guide is useful in discussion and extraction of information from the informants, including a list of questions, information about the research problem and the purpose of research. List of questions is adopted from the Information Request List published by International Finance Corporation (IFC, 2019).

4. Findings And Discussion

To examine the implementation of organizational governance in the two aforementioned companies, the researcher focused on two aspects: commitment to good governance and strategic control.

4.1 Commitment to Good Governance

In order to get an overview of the implementation of the commitment aspects of governance in the observed companies, the researcher raised several questions which included management's attention and commitment, determining the appropriate organizational structure, and the process of formulating key organizational policies (IFC, 2019). There are a series of semi-structured questions asked to several informants, which are submitted separately through direct interviews at each of the companies being observed.

PT. TL

In general, researchers are under the impression that management has demonstrated good practices regarding governance commitments, except for a few important notes on the organizational structure.

Regarding the establishment of the company's vision, mission and core values, the company's management has provided sufficient commitment. Determination of this important part in the management of the company's strategy is a measure of the strong management's commitment to implementing good governance. It can also be an indicator of culture when the practice has been going on for a long time.

The answers from the other respondent mutually reinforce one another, who are representatives of the middle and top management of this company. Such practices identified that implementation of the company's vision, mission and core values has been translated into a management contract at the Annual Meeting. This is confirmed by the answers below:

"….regarding the vision and mission as well as corporate values…. doesn't change, I don't know if it was changed before or what (not). But during my time as an employee, there has been no change in the vision and mission……… Regarding these values, there are actually ……derivatives of the vision and mission set out in the form of a management contract…..every time a general meeting of shareholders is held." (Informant 1).

All respondents believe that company core values are clearly stated and effectively communicated to the whole level of management. It is identified that top executives embedded corporate values within work culture as a fundamental principle for the whole workforce in the organization.

Moreover, the company deployed LGRC (Legal Governance, Risk Management and Compliance) framework in formulating regulation and procedures. Such a good practice is demonstrated by regular dissemination activities on the importance of risk. There are a set of training dedicated for the technical and managerial functions relate to risk awareness. It is also greatly influenced by the implementation of the risk awareness program by PT.ST (affiliated company) which is considered to have been very successful in implementing risk management. Such initiatives basically reflect awareness and commitment in implementing good governance.

However, in terms of employee placement in particular positions, the current practices are not as ideal as expected, there were several structural positions that were appointed with personnel with different academic backgrounds. It is stated that

"..., related to employee specifications, ……, but there are several positions that are not in accordance with their disciplinary background... Sometimes there are officials who are still a little confused in implementing their functions or authorities" (Informant 3).

Relate to above practices, other respondent comments that the company begins to assign employee specification standards. It is used as a reference for selecting structural positions through the recruitment process as well as competency assessment for promoting a position. Furthermore, the management involved independent consultants in assessing selected candidates and applied standard of procedures in evaluating individual performance.

The researcher also raised some questions relate to unique factor that positively contributing to the good commitment. A remarkable practices raised in the discussion that management introducing local virtues called in bugis language “sippakalebbi sippakatau, that means “respecting each others”. Such moral principles adopted from local culture that become an important reference in carrying out coordination among functions. One of the respondent stated as follows:

"All departments certainly know and have the authority to make decisions. However, ... we always introduce sippakalebbi sippakatau. ………… for example, I am rotating people, I am not alone I have to consult with several parties, including those related to operational HR…… …..that the decision was not initiated from a person but was actually the result of consultation and that is what has been maintained until now.” (Informant 2).

Finally, It is also observed good practices in maintaining employee morale through several activities outside of routine formalities, for example company anniversary celebrations, community social activities, religious activities and other social activities.

PD. AMTE

It is not much different from the previous company, awareness of the implementation of good governance appears in organizational culture artifacts. However, there are still a number of important things to reconsider, namely on implementation of an organizational structure based on the principles of good governance.

The informants explained that this company has formulated a vision, mission and cultural values and commitment to good governance. This was obtained from comments from sources including:

“…..is often conveyed at every meeting and has a motto that is often shouted as encouragement, namely "PDAM that is professional, serves, and does a thorough job" ... is always conveyed to staff as a reminder to be professional, serve well, and that work must be completed .” (Informant 7).

It was found that the company conveyed the company's vision, mission and core values to the staff. This submission is carried out in various ways both orally and in writing, starting during the employee recruitment process. It is also identified that such core values are regularly reminded within the meeting for the whole work forces, especially for review staff meeting. Such practice is an effort in creating and maintaining a sense of loyalty among employees.

In terms of the promotion process, the Internal Control Committee takes an important role in assessing whether a candidate is eligible to be promoted or not. In particular, it also depends on the director's policy based on coordination with the human resources function. However, interview with respondents revealed that there is still a kinship-based recruitment process. One of the respondents stated that:

Companies have different ways of structural or functional positions recruitment. for example in the process of recruiting employees who are still not transparent or are still kinship. (Informant 7).

Such a kind of practices basically may lead to obstruct implementation governance especially in how to recruit talented resources.

Regarding with organizational structure, the company has drawn up company regulations regarding their respective duties and functions. Executives are responsible to remind their subordinates to avoid overlapping mechanisms. It was found that the company released employment regulation and standard operating procedures, which became a reference for employees to find out patterns of authority and patterns of responsibility. It is also a guideline to regulate the employment relationship. The company involved a consultant and held a joint meeting regarding what was needed to be included in the standard operating procedure. Other rules are determined by the director, supervisory board, and other structural officials.

Finally, it is also observed that physical individual performance, such as neat uniforms and smiling face traits, highly reflects commitment in governance.

4.2 Strategic Control

To understand the implementation of strategic control as part of the implementation of governance, there are two important terms associated with the dimension, namely the decision

making process and the human resources management. Therefore, the set of eight questions raised to the informants during the interview process.

PT. TL

The first thing raised in the discussion is the understanding of structural position regarding their duties and authorities. Informants explained that structural officials well understand their duties and authorities, however, it was recognized that under certain conditions several officials are still confused in manifesting their functions and authorities. One informant commented as follows :

"Sometimes there are officials who are still a little confused in implementing their functions or authorities." (Informant 3).

It is commonly experienced when the employees are relatively new in occupying their positions. Therefore, the management facilitated the employees with training or mentoring for the new positions.

In conducting the performance review and evaluation, the management sat a regular meeting, scheduled weekly to support the company's achievements. They named the meeting as "Cheerful Wednesday", as a distinct activity in creating a healthy organizational climate. Also, intense and frequent meetings with the board of commissioners become one of the good practices in coordination function. Scope of authority of the board of commissioners is oriented towards decisions regarding complying with laws and regulations, supervising and giving advice to management.

Related to the succession planning function, the company established a contingency plan for unexpected events. Informant said :

"Contingencies are still planned mainly by the board of directors as a form of preventive action for the company" (Informant 3).

Policy and strategic decisions are conveyed through the structural command line through meeting forums, both through the board of directors meetings and internal departments. Succession planning defines it as the process of identifying and developing people within an organization to pose key future business leadership positions or to replace key people in the event of sudden absences. Such a decision is commonly regarded with issues on business continuity and resilience in crisis.

PD.AMTE

Decision making is a systematic selection of the best option from several alternatives to be followed up or used as a way of solving problems.

In general, informants from the company informed that structural officials already get informed and disseminated on their duty and authority. The job description clearly stated in the company's regulation and in each Director's Decree. However, it is observed that the number of public and customers complaints regarding the services may indicate inadequacy of understanding of job description or ineffective implementation of authority tasks. In such circumstances, supervision are needed simply because there were too many cases in an organization that could not be completely resolved. Some reasons identified for the above problems include excessive budget, tight deadlines and other activities that deviated from the original plan.

Regarding the question of routine coordination, the management did not conduct regular meetings to discuss operational issues and business processes. The meetings conducted when problems arise. The informant reply to the related questions as follows :

"We don't do this every month, but it depends on conditions, for example if there is a problem, we will then sit down together to resolve and discuss the problems that arise." (Informant 7).

Basically, management realized that such meetings should be organized regularly to evaluate the company's performance in the future. It may bring many benefits relate to best service to customers in the form of clean water supply and to make the company become healthy and professional.

In terms of coordination with the Supervisory Board, regular coordination meetings were held. The board discusses feedback related to corporate strategy, financial plans, other managerial issues. The board are in charge of supervising and providing advice for the board of director. In some circumstance, when tough decision needed, asking consideration from supervisory board are extremely helpful.

Results of interviews conducted with the Informant 6 is :

"Yes, our supervisory board has a special schedule for one year. As the supervisory board is not involved in the company's operational activities. We only supervise how the board of directors manages the company, if there is a problem we will straighten it out. Technically, we are not too far into matters related to the company's operations." (Informant 6).

Based on the results of observations, it was found that practices on applying contingency plans existed. In particular, the planning has been accommodated in Standard Operating Procedure or company regulation, which will be referred to when urgent events occurred. Contingency plans are created to be able to respond to various negative events that can damage the reputation of a business.

4.3 Discussion

Four major points emerge from this qualitative study. First, the findings indicate boards of the observed companies implement fundamental practices on commitment to good governance. In particular, it found many different approaches in elevating commitment, such as disseminate a company's strategic values to all management level; put procedures and policies in place, and cultivate core values to become corporate culture. Literature confirmed that compliance to corporate codes and values relevant to commitment to good governance (Najm et al., 2022). Also such practices may lead the companies to effectively perform in achieving goals and objectives (Cheung, Chan, & Kajewski, 2012).

The findings of the qualitative study reveal four major points regarding the implementation of fundamental practices on commitment to good governance by boards of observed companies. The study highlights the various approaches taken by these boards to elevate commitment, such as disseminating strategic values across all management levels, establishing procedures and policies, and fostering core values to become part of the corporate culture. This commitment to good governance has been shown to positively impact the companies' performance in achieving their goals and objectives (Pathiranage et al., 2021). The literature also confirms that compliance with corporate codes and values is relevant to the commitment to good governance (Baumgartner, 2009).

The influence of corporate culture on organizational performance has been a subject of extensive research. Studies have explored the impact of corporate culture on various aspects such as environmental management performance, corporate social responsibility, and organizational development (Sugita & Takahashi, 2013). Additionally, the relationship between corporate culture and organizational commitment has been investigated, with findings indicating a significant influence on performance (Rashid et al., 2003). Furthermore, the impact of corporate culture on corporate sustainability has been examined, emphasizing the role of strategic leadership, corporate governance, organizational culture, business infrastructure, and corporate alignment as determinants of corporate hospitality and sustainability (Utami et al., 2020).

The concept of organizational culture and its significance in enhancing corporate performance has been explored in the literature. Various strategies have been proposed to establish an effective organizational culture that enhances performance, emphasizing the role of leadership, coordination, and corporate culture in this process (Bolton et al., 2012). Moreover, the impact of corporate culture on the performance of star-rated hotels has been studied, with a focus on the effect of different corporate culture types on both financial and non-financial performance (Owusu, 2019).

The relationship between organizational culture and government performance has also been a subject of empirical studies, highlighting the correlation between organizational culture and employee behavior, particularly in the context of the VUCA era (Чжао & Бричко, 2023). Additionally, the association and conflict between corporate culture and employee behavior have been investigated, revealing a correlation between individual organizational behavior and employees with collectivist values being more inclined to adopt organizational behavior (Чжао & Бричко, 2023). the literature provides substantial evidence supporting the influence of corporate culture on various aspects of organizational performance, including governance commitment, sustainability, organizational development, and employee behavior. The findings underscore the importance of establishing an effective organizational culture and its significant impact on corporate performance.

Second, the study reveals that observed companies have not been fully considered competent-based in managing human resources. Although they invoked some good practices of talent management, such as performance valuation and recruitment, placement of key function practices occasionally overlooked competent-based selection.

Competency-based human resource management (CBHRM) is a crucial aspect of organizational success. Rothwell (2012) emphasizes the significance of CBHRM in gaining a competitive advantage and knowledge management. However, Liao & Zhang (2022) highlight that some companies currently exhibit inadequate management and control in human resource management, hindering overall development. This indicates a gap in implementing competent-based selection practices. Therefore, there is a need for organizations to align their human resource management practices with competency-based approaches to enhance efficiency and development. It is commonly believed that human resources management is identified as a pivotal determinant of corporate governance that may influence the whole corporate performances. Previous relevant studies suggest the prominence of capability-based view is highly recommended for top management in making strategic decision (Rajagopal, 2019). Incompetence in selecting employment for occupying positions viewed as lacking qualification that has certain improper implications. Previous correlational research showed that employees who perceived high nepotism at their organization were less likely to be satisfied with their job (Burhan, van Leeuwen, & Scheepers, 2020).

Third, the findings also suggest that practices in both organizations showed that coordination, control, and contingency planning are substantial in implementing the decision making process as a one of the governance dimensions. Both companies indicate good practices in terms of control and contingency planning. In particular, in terms of coordination, one of the observed companies experienced less well coordination in technical and managerial level, for instance, meeting coordination were not regularly conducted. Indeed, coordination among functions, with each being responsible for a certain partition of an overall decision-problem, is a fundamental issue in the design of distributed decision-making systems (Wall, 2019). A contingency plan is a process that prepares an organization to respond effectively and coherently to an unplanned event. A contingency plan can be also used as an alternative action plan if the original plan fails to generate the desired result (Mattei & Vigevano, 2021).

The last, research context implied in this research is stable-revenue company. Even though, both management companies do not encounter direct competitor in providing product or services, the management commit increasing its capacity to implement good governance. In other words, stable revenue pattern experienced in both companies are not a trigger to overlook excellent service to their customers. Such best practices could be affected by strong influence from their affiliated company or institutional shareholders.

Implication Research

The findings from this qualitative study offer significant implications for both the theory and practice of corporate governance. The research emphasizes the importance of a diverse and flexible approach to commitment to good governance, challenging the traditional view that often emphasizes a more rigid and uniform approach. The study provides empirical evidence supporting theories that suggest adaptability and contextualization in governance practices can contribute to overall governance effectiveness (Bezemer et al., 2014). This aligns with the idea that contextual contingencies do not always present ideal conditions for practicing purely relational or transactional approaches in firms' operations (Mahapatra et al., 2010). Furthermore, it extends prior research on the diffusion of contested organizational practices by offering an original contingency perspective that addresses how and why the misaligned preferences of corporate owners will affect a company's inclination to espouse a standardized value orientation and the performance consequences of such misalignment (Bezemer et al., 2014).

The relevance of contextual factors in governance practices is further supported by the claim that the under-contextualized approach of agency theory restricts the analysis of corporate governance to agents and principles, abstracting away other aspects of the organizational context such as diverse task environments, the life-cycle of organizations, or legal constraints which influence governance patterns (Bell et al., 2013). Additionally, the study on corporate governance mechanisms, accounting results, and stock valuation in Canada suggests that most individual governance practices appear to have no significant impact on firms' market value, highlighting the need to consider the potential interrelationships between corporate governance practices and contextual variables (Berthelot et al., 2012).

Moreover, the study on the barriers to evidence-based disaster management in Nepal emphasizes the importance of contextual factors in disaster planning and emergency management, indicating that effective disaster management requires actors to operate independently, without political expedience and undue influences from pressure groups, ensuring the effective utilization of resources and good corporate governance (Lee, 2016). Similarly, the study on the role of contextual factors in private sector engagement for COVID-19 mitigation in Nigeria highlights the influence of individual characteristics, economic crises, weak health systems, and the multi-sectoral nature of the response to the pandemic as contextual factors that influenced public-private collaboration in tackling the COVID-19 pandemic (Okeke et al., 2022). Synthesis of these references underscores the significance of contextual factors in shaping governance practices and organizational outcomes. It highlights the need for a diverse and flexible approach to commitment to good governance, taking into account the adaptability and contextualization of governance practices to enhance overall effectiveness.

The significance of corporate governance in organizational success has been widely acknowledged in the literature. Effective governance practices are crucial for companies, and the dissemination of strategic values across all management levels is emphasized as a key factor in building organizational commitment to good governance principles (Peters et al., 2011). This highlights the importance of inclusive communication and the embedding of governance principles within the corporate culture. Additionally, the integration of strategic human resource management practices with corporate governance frameworks is essential for enhancing overall performance (Masegare & Ngoepe, 2018). Competency-based human resource management is emphasized, indicating the need for a holistic approach to talent management that aligns with governance objectives (Masegare & Ngoepe, 2018).

The relevance of corporate governance in different contexts is evident from the literature. For instance, studies have examined corporate governance practices in emerging markets, such as Nigeria, and highlighted the mechanisms and requirements for effective governance (Okike, 2007). Furthermore, the application of corporate governance among small and medium enterprises (SMEs) has been explored, emphasizing the potential for overcoming credit constraints and managerial incompetence through good governance structures (Abor & Adjasi, 2007). Moreover, the relationship between non-financial reporting (NFR) and corporate governance has been investigated, suggesting that qualitative research into NFR and governance mechanisms can guide practitioners in incorporating sustainability into governance practices (Dimes & Molinari, 2023).

The impact of corporate governance on organizational performance has also been a subject of interest. Research has indicated that state-owned enterprises (SOEs) with good governance practices demonstrate better organization and governance compared to those with less effective governance (Adebayo & Ackers, 2022). Additionally, the association between corporate governance and firm performance in SOEs in Zambia has been systematically described, emphasizing the importance of governance practices in influencing financial performance (Mumba & Kazonga, 2021).

The relationship between corporate governance and other factors, such as intellectual capital disclosure, corruption, and data governance, has also been explored in the literature. Studies have investigated the association between corporate governance and intellectual capital disclosure, providing insights into the disclosure practices of firms in relation to governance (Puwanenthiren, 2018).

Furthermore, the effectiveness of rules, procedures, and acts as instruments of corporate governance in Uganda has been examined, shedding light on the performance of private companies within the governance framework (Lwanga & Basemera, 2021). Additionally, the framework for and analysis of good corporate governance scoring in publicly traded SOEs has been developed, contributing to the understanding of governance trends based on regulatory frameworks (Purnamasari & Trihatmoko, 2022).

The diversity of corporate governance systems and their implications have been a subject of scholarly discourse. A Coasian perspective on stakeholder rights has been proposed, offering a unifying framework towards a global theory of comparative corporate governance (Feils et al., 2016). Moreover, the diffusion of governance standards in public corporate governance codes has been studied, providing a comprehensive measurement framework to quantify the diffusion of governance standards in international comparisons (Papenfuß & Wagner-Krechlok, 2022).

In conclusion, the literature provides valuable insights into the practical implications and theoretical foundations of corporate governance. From the importance of inclusive communication to the integration of human resource management practices, the relevance of governance in different contexts and its impact on organizational performance is well-documented. The relationship between governance and other factors, such as intellectual capital disclosure and corruption, has also been explored, contributing to a comprehensive understanding of corporate governance.

Observations on coordination, control, and contingency planning as essential aspects of decision-making offer crucial insights into the design of decision-making systems within organizations. This indicates that governance effectiveness depends not only on strategic decisions made at the top of the organization but also on how those decisions are implemented and coordinated across levels. Therefore, companies should ensure strong and effective coordination mechanisms are in place to support the execution of decisions and strategies.

Moreover, the importance of effective contingency planning underlines the need for companies to be prepared for uncertainty and unexpected changes. In practice, this means that strategic planning should be accompanied by careful preparation for alternative scenarios, ensuring that companies can remain resilient and responsive to potential challenges. It also emphasizes the importance of flexibility and adaptability in governance practices.

Lastly, the implications from the stable-revenue company context in this study suggest that governance success is not solely determined by external market conditions but also by the internal willingness and capacity of companies to implement good governance practices. Even in conditions of relative market stability or without direct competition, commitment to good governance remains a critical factor in ensuring long-term sustainability and success. This affirms that good governance is a universal principle relevant in all contexts, not just during times of crisis or intense competition.

5. Conclusion

In conclusion, this study identifies that governance practices within the context of a company with stable revenue play a crucial role, even though the implementation of competence-based human resource management has not been fully realized. The efforts of management to implement activities demonstrating a strong commitment to good governance have been evident, triggered by various factors such as the desire to focus on organizational sustainability goals, awareness of the complexity of the external environment, and commitment to maintaining relationships with all stakeholders. However, the increased awareness and commitment from top management towards the transformation of organizational culture become critical aspects in enhancing decision-making and the effectiveness of governance practices.

Furthermore, these findings indicate that structured and systematic coordination patterns, along with effective contingency planning, are key elements in addressing uncertain and ambiguous conditions. While the qualitative method used in this study provides deep insights, there are limitations related to objectivity and the potential for generalizing findings. Therefore, to strengthen these findings and broaden our understanding, future studies adopting quantitative or mixed approaches are recommended, which could provide direct measurements of the impact of governance practices on organizational performance in broader and more diverse contexts.

Future Studies, it is essential to delve deeper into the influence of organizational culture and management commitment on the implementation of governance practices. Subsequent research can focus on evaluating the effectiveness of competence-based human resource management under various conditions and across different industry contexts, allowing for a more comprehensive understanding of the dynamics affecting the application and success of governance practices.

Recommendations for practitioners and researchers include the necessity of comparative studies across industries to understand the impact of specific industry contexts on corporate governance. Additionally, research that examines the relationship between governance and factors such as innovation, sustainability, and organizational adaptability in the face of market changes can provide new insights into effective governance strategies.

In this context, it is crucial for companies not only to focus on developing and implementing good governance practices but also on fostering a supportive organizational culture and strong management commitment to these goals. This approach will ensure that companies can not only survive in stable market conditions but also adapt and thrive amidst emerging challenges and opportunities.

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