Human Resource Governance and its Role in Preventing Asset Mismanagement in Public Institutions

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Abstract
Asset mismanagement in public institutions is a pervasive challenge that undermines fiscal sustainability, service delivery, and public trust. Financial losses, reputational damage, and reduced institutional credibility have been documented across both developing and developed contexts. High-profile cases, such as sovereign fund scandals, misuse of government financial systems, and administrative incompetence in public institutions, demonstrate the scale and universality of the problem. This conceptual paper argues that, beyond technical shortcomings, weak human resource (HR) governance, including opaque recruitment, inadequate integrity training, and limited leadership development, creates vulnerabilities that enable asset misuse. This conceptual study draws on Agency Theory and Resource-Based View (RBV) to propose a framework linking HR governance to reduced risks of asset mismanagement. Agency Theory highlights the importance of monitoring and accountability mechanisms to mitigate opportunism, while RBV emphasises human capital as a strategic resource that, when developed, strengthens institutional resilience and stewardship. The paper concludes that effective HR governance requires integrating oversight mechanisms with capacity-building strategies. By positioning HR as a strategic actor in governance, institutions can foster accountability, enhance stewardship values, and build sustainable systems for asset protection. Implications for policy, practice, and future research are discussed to guide reforms and strengthen institutional accountability.

Introduction

Asset mismanagement in public institutions represents one of the most pressing governance challenges worldwide. It undermines fiscal integrity, service delivery, and public trust, while eroding the credibility of governments and weakening development outcomes. Mismanagement can take many forms, including embezzlement, procurement fraud, diversion of funds, misuse of public property, and chronic neglect of asset maintenance. The World Bank (n.d.) estimates that developing countries lose between US$20 billion and US$40 billion annually due to corruption and poor asset management practices. More broadly, the Commonwealth Secretariat (2023) has highlighted that corruption and illicit financial flows collectively cost the global economy around US$3.6 trillion each year, equivalent to over five percent of global GDP. These losses represent not only financial wastage but also opportunity costs, as they divert resources away from essential services such as healthcare, education, and infrastructure.

The scale of the problem is further revealed by high-profile cases. In Malaysia, the 1Malaysia Development Berhad (1MDB) scandal demonstrated how weaknesses in governance could enable the diversion of more than US$4.5 billion, generating profound political and financial repercussions (Wikipedia, 2025a). In Malawi, the so-called "Cashgate" scandal uncovered systemic exploitation of the Integrated Financial Management System, leading to the loss of an estimated US$150 million and prompting donors to suspend much-needed aid to the country (Wikipedia, 2025b; Malawi News, 2014). In the United States, auditors discovered that approximately US$12 million went missing from Arlington National Cemetery's budget in 2011, an amount that represented nearly one-quarter of its annual allocation, and this was attributed not to corruption but to gross administrative incompetence (Wikipedia, 2025c). These cases illustrate that asset mismanagement is not confined to any particular geographical region or stage of economic development. Rather, it is a universal challenge that can undermine institutions in both advanced and developing economies.

Beyond individual scandals, international assessments point to systemic vulnerabilities. Transparency International (2023) reports that more than two-thirds of countries score below 50 on the Corruption Perceptions Index, with the global average stagnating at 43 out of 100. Such scores reflect widespread institutional fragility, weak enforcement mechanisms, and insufficient safeguards against misuse of public assets. In some jurisdictions, poor asset management leads to direct fiscal losses; in others, it produces inefficiencies, waste, or reputational damage that weaken institutional legitimacy. Either way, the consequences extend far beyond balance sheets, affecting service quality and eroding citizen confidence in public administration.

Much of the existing literature has traditionally focused on the technical and financial aspects of asset management, such as auditing systems, regulatory frameworks, and monitoring tools. While these mechanisms are necessary, evidence increasingly suggests that they are insufficient on their own. Public assets are ultimately controlled and managed by people, and therefore the human dimension of governance cannot be ignored. The decisions, behaviors, ethical orientations, and accountability of employees determine whether institutional systems are effectively implemented or undermined.

Weak human resource (HR) governance is often a critical factor in enabling mismanagement. Opaque recruitment processes can result in the appointment of unqualified or conflicted personnel. Inadequate ethics training leaves staff ill-prepared to identify or resist corrupt practices. Weak performance management allows poor behavior to go unpunished, while limited leadership development fails to instill a culture of stewardship. In this sense, HR governance gaps create the conditions under which financial or technical mismanagement can flourish.

Conversely, strong HR governance can serve as an important counterbalance. Through merit-based recruitment, structured integrity programs, role clarification, and leadership development, institutions can foster cultures of accountability and stewardship. Well-designed HR systems can reduce conflicts of interest, align employee incentives with institutional goals, and create an environment where transparency and responsibility are the norm. Human resources, when governed effectively, are not merely administrative functions but strategic assets that can safeguard institutions against misuse and inefficiency.

To provide a deeper theoretical grounding, this paper draws on two complementary perspectives. Agency Theory offers a framework for understanding how misaligned incentives between employees (agents) and institutions (principals) can give rise to opportunistic behavior, particularly in the absence of strong oversight. In contexts where monitoring is weak, agents may prioritize personal gain over institutional objectives, thereby misusing assets. From this perspective, HR governance plays a critical role in reducing information asymmetry and embedding accountability structures.

Resource-Based View (RBV), in contrast, frames human capital as a strategic asset that, if developed and deployed appropriately, can enhance organizational performance and resilience. From this perspective, mismanagement is not only about opportunism but also about capability deficits. Employees who lack training, ethical grounding, or stewardship values may fail to manage assets effectively, even in the absence of deliberate misconduct. HR governance here serves to enhance institutional resilience by investing in human capital through ethics training, skills development, and leadership formation.

By integrating these two theories, a more comprehensive understanding emerges. Asset mismanagement is simultaneously a problem of incentives and of capabilities. Addressing only one side of the equation is insufficient. Effective HR governance must therefore combine control mechanisms that reduce opportunism with capacity-building strategies that strengthen stewardship.

This paper aims to propose a conceptual framework linking HR governance practices transparent recruitment, ethics training, and leadership development, to reduced risks of asset mismanagement in public institutions. It contributes to ongoing debates in governance by shifting attention to the human dimensions of asset management and by emphasizing that safeguarding public resources requires not only financial systems and technical controls but also the cultivation of human capital and institutional cultures of accountability. The discussion seeks to offer insights for policymakers, practitioners, and researchers, while also

laying the foundation for empirical studies that can further validate and refine the conceptual framework.

Problem Statement

The problem of asset mismanagement in public institutions can be analyzed from three interrelated dimensions: financial losses, governance failures, and human resource weaknesses. Asset mismanagement in public institutions continues to pose a significant threat to governance integrity, public trust, and fiscal sustainability. Globally, the World Bank estimates that developing countries lose between US $20 to US $40 billion annually due to corruption and poor asset management practices, particularly asset misappropriation (World Bank, n.d.; World Bank cited in Wikipedia, 2025a). The broader economic impact is staggering: according to United Nations and the World Economic Forum, corruption could account for approximately 5% of global GDP, or around US $5 trillion per year.

High-profile scandals illustrate the tangible consequences of mismanagement. In Malaysia, the 1Malaysia Development Berhad (1MDB) scandal involved the embezzlement of over US $4.5 billion, and left the sovereign fund burdened with debts exceeding US $7.8 billion, creating major ripple effects on financial markets and investor confidence (Wikipedia, 2025b). In Malawi, the Cashgate scandal resulted in the diversion of government funds worth an estimated US $150 million, leading to international aid being suspended (Wikipedia, 2025a). Even well-resourced institutions are not immune: in the United States, US $12 million in authorized funding disappeared from the Arlington National Cemetery's budget in 2011 due to what auditors described as "gross incompetence" (Wikipedia, 2025a).

In addition to these losses, recent findings from the Australian state of Queensland reveal alarming governance gaps within public institutions. A recent survey found that one third of public servants reported witnessing corruption in the past five years, yet 55% of these instances went unreported, largely due to fears of reprisals, confidentiality concerns, and distrust in the investigative process (The Guardian, 2025). This reflects a deeper cultural and institutional failure in promoting accountability (Queensland's CCC report cited in The Guardian, 2025).

These examples show that asset mismanagement is not just a technical or financial failure. The root of the problem often lies within the human and governance dimensions, specifically, the roles that personnel and human resource systems play in enabling or preventing mismanagement. Weak human resource (HR) governance, manifested in opaque recruitment, insufficient integrity training, and poor accountability, creates an environment where misappropriation, neglect, or abuse can flourish. Conversely, strong HR governance may be vital to safeguarding institutional assets and preventing misuse.

Asset mismanagement results in substantial financial losses, undermining the ability of institutions to deliver services and eroding public trust. In many cases, the scale of losses is staggering. For example, the 1MDB scandal in Malaysia not only drained billions from public coffers but also had long-term implications for investor confidence and national reputation (Wikipedia, 2025a). Similarly, the Cashgate scandal in Malawi highlighted how asset mismanagement can trigger donor withdrawal, severely constraining the fiscal capacity of a developing economy.

At the institutional level, asset mismanagement often reflects systemic governance weaknesses. These include poor monitoring, inadequate segregation of duties, and the absence of effective accountability structures. The case of Arlington National Cemetery illustrates how even in highly resourced contexts, the absence of oversight and professional accountability can lead to massive operational failures (Wikipedia, 2025c). These governance gaps demonstrate that technical systems alone are insufficient without strong accountability and oversight structures.

Underlying both financial and governance dimensions are weaknesses in human resource governance. Non-transparent recruitment, inadequate integrity training, and limited leadership development create vulnerabilities that opportunistic actors can exploit. Employees may misuse assets due to self-interest, reflecting the principal–agent problem as described in Agency Theory. In other cases, staff may lack the necessary knowledge, ethical orientation, or stewardship values to manage assets responsibly, as highlighted by the Resource-Based View of the firm. This dual problem, opportunism and underdeveloped human capital, underscores the need to integrate HR governance as a central mechanism in preventing asset mismanagement.

Conceptual Framing

To address this complex challenge, this paper adopts two complementary theoretical lenses. Agency Theory explains asset mismanagement through the principal–agent framework, emphasizing the risk of opportunistic behavior when agents (public employees) diverge from the interests of their principals (the public or government) in the absence of effective controls. Resource-Based View (RBV), on the other hand, treats human capital as a strategic asset, capable of anchoring ethical stewardship and preserving institutional asset integrity. Together, these theories allow for a deeper exploration of how HR governance, via transparent recruitment, ethics training, and leadership development can either mitigate opportunism or build resilience through competence and integrity.

The objective of this conceptual paper is to integrate these insights into a holistic framework that delineates how HR governance can address both incentive misalignment and capability gaps, thereby contributing to reduced asset mismanagement. This framework lays the groundwork for future empirical validation and offers practitioners and policymakers a robust foundation for enhancing asset governance in public institutions.

Literature Review

Research on asset mismanagement frequently identifies weak enforcement and fragmented monitoring as major factors. Yet scholars increasingly argue that human behavior and decision-making are equally important. Agency Theory provides a useful framework by explaining how employees (agents) may act in their own interests rather than those of the institution (principals), especially when monitoring is weak. Resource-Based View provides a complementary lens by treating human capital as a critical organizational resource. If employees are well-trained, ethically grounded, and guided by responsible leadership, they can enhance institutional resilience against mismanagement. Together, these theories suggest that asset mismanagement can be reduced by strengthening both control mechanisms and human resource capabilities.

By understanding the interaction between agency theory and resource-based vision (RBV), it is essential to examine how these theoretical frameworks collectively improve ideas about human behavior and decision-making processes that mitigate poor asset management. The agency's theory addresses the main-agent dynamics, clarifying the possible conflicts of interest that arise when the objectives of the agents diverge from the main ones (Jensen and Meckling, 1976). This misalignment often leads to harmful results, including poor asset management. Cruz and Haugan (2019) are based on this basis when linking maintenance performance with the dynamics of the agency; They argue that clearly defined contractual obligations and performance metrics can significantly mitigate the risks associated with the agent's discretion. By aligning incentives through mechanisms such as performance-based contracts, organizations can encourage agents to act in the best interest of directors, thus reducing the probability of deterioration of assets.

On the contrary, resource-based vision emphasizes the strategic importance of unique resources and capacities that companies possess. He postulates that the competitive advantage of a company derives from its ability to effectively use and take advantage of its internal resources, including human capital (Barney, 1991). Korzh, Mostenska and Bilan (2017) expand on this idea, which suggests that decision-making and employee skills are critical resources. His research postulates that the empowerment of human resources not only improves operational efficiency but also encourages a culture of responsibility and surveillance that is vital to combat poor asset management. Therefore, the RBV encourages organizations to prioritize investment in training and development of employees, creating an environment where knowledgeable and capable personnel are positioned to make decisions that safeguard the assets.

The synthesis of agency theory and RBV presents a convincing argument to understand human behavior as a fundamental factor in asset management. The interaction between these theories reveals that it is not simply the structures and controls that influence asset protection, but the attitudes, motivations and behaviors of people within the organization. The integration of these perspectives leads to a more complete understanding of how improved control mechanisms, driven by a motivated and well-equipped workforce, can significantly mitigate the risks associated with poor asset management.

The concepts of trust and cooperation arise as central principles in the intersection of these theories. The agency's theory underlines the need to generate confidence to minimize the agency's costs, while the RBV highlights the importance of cooperative behaviors to optimize the use of resources. When organizations cultivate a reliable environment, they train employees to act in a decisive and responsible manner. This empowerment, in turn, improves the sense of property of employees on assets, thus encouraging the most prudent decision making and proactive behaviors in asset management (Tuzunkan and çalışkan, 2020).

Therefore, the combined ideas of agency theory and RBV attract attention to the crucial role of human factors in organizational performance and sustainability. They illuminate the idea that the effective control mechanisms and the strategic use of human resources are not only reactive measures against poor asset management, but proactive strategies that promote the administration of resistant assets. The analysis encourages organizations to improve their

approach both in structural alignment and in the development of human capital to mitigate the risks associated with the deterioration of assets exhaustively., The synergy between the theory of agencies and the vision based on resources (RBV) underlines the meaning of effective governance structures that give power to human resources within the organizations. By integrating the principles of these two theories, companies can develop improved control mechanisms that motivate and simultaneously allow employees, creating an environment resistant to the bad resource management. Guizani and Larabi (2025) highlight the fundamental role of the characteristics of the CEO, claiming that the personal attributes and decision -making styles of the best managers significantly influence the financial results, thus affecting the efficiency of the asset management. This suggests that an in -depth understanding of human behavior at the level of leadership is essential to align the organizational objectives with the involvement of employees, ultimately facilitating more effective asset management.

In addition, Kaufman (2015) underlines the relevance of the RBV in the strategic management of human resources (HRM), stating that a solid HR framework is essential to identify and face the intrinsic defects that may arise when human resources are inadequately authorized or disengaged. According to Kaufman, when employees do not feel appreciated or lack the tools necessary for the decision -making process, the organizations are more susceptible to decreases in the asset management. This statement aligns with the fundamental principle of the RBV, which postulates that human resources are fully priceless activities, worthy of investments and development. Therefore, a well -performed human resource management strategy, based on the RBV, can not only support the employee agency, but also fortify the organization from the risks associated with the bad management of activities.

Dong et al. (2021) contribute to this discussion by integrating a prospect of the behavioral agency theory, underlining that improved decision -making processes are often a product of the shaded perceptions of behavioral factors and organizational culture. Their research indicates that employees' attitudes and motivations can significantly affect how decisions are made regarding asset management. A culture that promotes communication and open collaboration can mitigate the issues of the agency that often afflict organizations, such as the asymmetry of information or the uncontented interests between the interested parties. By encouraging a culture that appreciates the contribution of employees, organizations can improve their ability to make valid decisions that protect their activities.

The interaction between the theory of agencies and the RBV further illuminates the way in which the empowerment of human resources can serve as a critical lever in the mitigation of bad resource management. By establishing governance structures that give priority to the empowerment of employees, organizations can guarantee that the decision-making process is informed by different perspectives and skills. This collaborative approach minimizes the probability of errors or incorrect allocation of resources, since employees feel more invested in the results of their decisions. When human resources are treated as strategic resources, they become instrumental in navigating in the complexity of asset management, thus improving the overall resilience and the competitiveness of the organization.

In summary, the combined intuitions of the agencies theory and the vision based on resources underline the vital role of human behavior and the decision -making process in promoting an

environment in favor of effective asset management. The commitment to enhance employees and align their interests with organizational objectives through solid governance structures not only mitigates the risks associated with the bad management of activities, but also improves the overall strategic capacity of the organization. Recognizing the centrality of human resources as key actors in this equation, organizations can guide sustainable performance even in challenging economic climates., The integration of agency theory and resource -based vision (RBV) offers a convincing framework to understand the role of human behavior and decision making in mitigating the poor asset management. By synthesizing the ideas of both theories, it becomes evident that focusing on the optimization of human resources can significantly reduce the risks inherent in the poor asset management.

Gerhart and Feng (2021) argue that investments in human capital through training and development not only align with the principles of RBV, but also act as a critical mechanism to address the agency's dilemmas. By equipping employees with the required skills and knowledge, organizations can align the interests of their agents (employees) with those of the main ones (shareholders or management), thus reducing the probability of conflicts that can lead to poor asset management. When human resources are empowered through specific development initiatives, the capacity for informed decision making is reinforced, which contributes to more effective asset management practices.

In addition, Ismail et al. (2020) They deepen the importance of the characteristics of the Board through the RBV lens, highlighting how the strategic composition of the Board can improve the reputation of a company and stabilize its financial position. The presence of various experience and background within the Board can facilitate better supervision and responsibility, critical components in mitigating the agency's problems. This not only guarantees that decision -making processes are robust, but also reinforce a culture of responsible management of corporate assets. By adopting such a strategic approach, companies can take advantage of their human resources as a source of competitive advantage, reducing the vulnerabilities associated with the poor management of assets related to the agency.

Integrating continuous improvement initiatives, as defended by Mong et al. (2021), even more underlines the proactive measures that companies can implement. By establishing maintenance management models that incorporate comments and contributions from employees, organizations can improve their operational efficiency while simultaneously dissatisfied with the poor asset management. This participatory approach empowers employees and links their behavior responses to an organizational framework aimed at safeguarding assets. As the personnel get more involved in asset management processes, their property ownership translates into results that prioritize the integrity of the company's resources.

Hoskisson et al. (2018) add another layer to this discussion by emphasizing the crucial need to protect the specific investments of the company. The intersection of agency theory and RBV principles reveals that strategic decision making, backed by empowered human resources, can lead to a more resistant asset protection strategy. By ensuring that employees are not only well trained, but also supported in their decision -making roles, companies can cultivate an environment where poor management risks are minimized. This alignment

encourages a proactive position on the protection of assets, mitigating the risks associated with the bad intentional and inadvertent behavior that carries the bad behavior of the agency's conflicts.

This synthesis of perspectives from agency theory and vision based on resources significantly illustrates the critical role that human behaviour and decision-making play when addressing the multifaceted challenges presented by the poor management of assets. When capitalising human resources as a vital asset, organisations can improve their control mechanisms while promoting an empowered workforce, ultimately moving away from the street without exit from the low performance of assets. The collaborative ideas provided by these theoretical frameworks highlight the need for a dual approach to cultivate and manage human capital in assets intensive environments.

Methodology
This study adopts a conceptual approach that integrates theory and literature rather than empirical testing. Agency Theory and Resource-Based View are used as theoretical anchors to explain the human dimensions of asset mismanagement. Literature from governance, HR management, and asset stewardship studies is synthesised to identify themes. A conceptual framework is then proposed, linking HR governance practices, transparent recruitment, ethics training, and leadership development, with improved accountability and reduced risks of asset mismanagement.

Discussion
From the perspective of Agency Theory, the core issue is opportunism. Employees may misuse assets when oversight is weak, information asymmetry is high, and accountability structures are absent. HR governance can reduce this risk by enforcing transparent recruitment, segregating duties, and introducing monitoring systems tied to asset custodianship.

From the perspective of Resource-Based View, the issue lies in insufficient development of human capital. Employees may not intentionally misuse assets but may lack the knowledge, skills, or ethical values needed to manage them effectively. HR governance that emphasizes integrity training, professional development, and leadership programs can transform human capital into a strategic resource for safeguarding assets.

Together, these perspectives highlight that asset mismanagement arises from both incentive misalignment and capacity gaps. Effective HR governance must therefore integrate control mechanisms to minimize opportunism and capacity-building strategies to enhance stewardship.
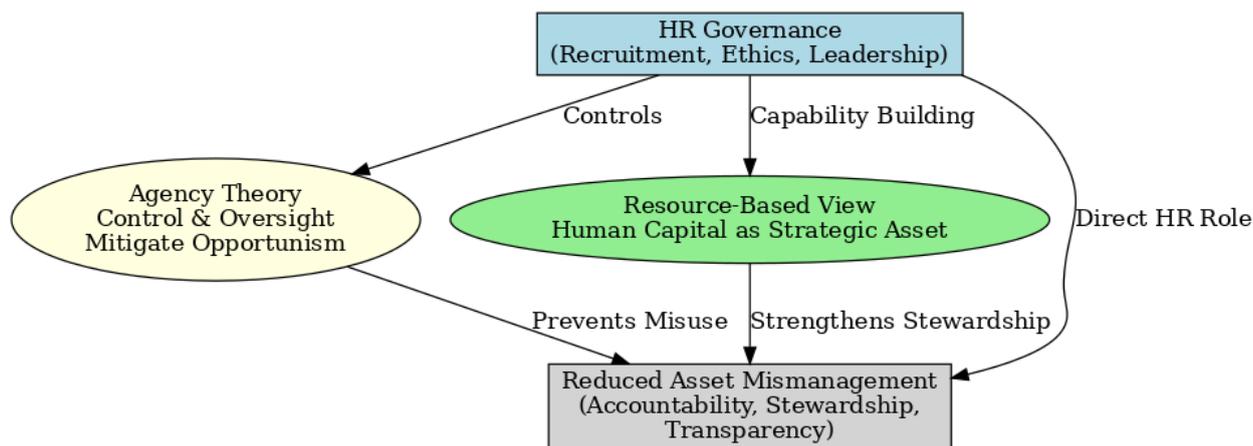
Figure 1: Conceptual Framework on HR Governance and Asset Mismanagement

Figure 1 illustrates the conceptual framework linking HR governance to the prevention of asset mismanagement in public institutions. HR governance serves as the central mechanism through which both Agency Theory and Resource-Based View are operationalized. From the Agency Theory perspective, HR governance provides control and oversight mechanisms that mitigate opportunism and prevent misuse of assets. From the Resource-Based View, HR governance builds human capital capabilities such as ethical awareness, stewardship values, and leadership, which strengthen institutional resilience. Together, these approaches contribute to accountability, transparency, and sustainable stewardship, ultimately reducing asset mismanagement in public institutions.

Table 1

Insights from Agency Theory and Asset Mismanagement

Agency Theory Focus	Key Issues in Asset Mismanagement	HR Governance Responses
Principal–Agent Problem (Jensen & Meckling, 1976)	Misalignment of employee (agent) interests with institutional (principal) objectives	Transparent recruitment and assignment of roles reduce conflicts of interest
Information Asymmetry	Employees exploit gaps in monitoring systems to misuse or conceal assets	Strong internal audits, reporting structures, and custodianship responsibilities
Opportunism and Self-interest (Cruz & Haugan, 2019)	Asset misuse, fraud, and shirking when incentives are weak	Performance-based evaluation and integrity-linked incentives
Weak Oversight	Lack of accountability allows misconduct to persist	HR-driven accountability culture, ethics committees, and whistleblowing protections

Agency Theory in Table 1 highlights that the primary issue in asset mismanagement lies in opportunistic behavior fueled by weak oversight and information asymmetry. Employees may act in their self-interest when they perceive that controls are insufficient or that consequences are minimal. HR governance becomes central in designing control mechanisms that align incentives with institutional goals. For example, performance-based contracts, clear job descriptions, and ethics-linked appraisals can reduce agency costs while encouraging staff to act in the organisation's best interest (Cruz & Haugan, 2019). Moreover, embedding

whistleblowing systems and transparency procedures can minimise the risks of concealed misconduct.

Table 2

Insights from Resource-Based View (RBV) and Asset Mismanagement

RBV Focus	Key Issues in Asset Mismanagement	HR Governance Responses
Human Capital as Strategic Asset (Barney, 1991)	Lack of training and skills leads to poor asset handling	Continuous professional development and specialized training
Ethical Orientation and Stewardship (Korzh, Mostenska & Bilan, 2017)	Absence of integrity values fosters negligence or misuse	Institutionalized ethics programs and stewardship culture
Leadership Attributes (Guizani & Larabi, 2025)	Weak leadership undermines accountability	HR-led leadership development and mentoring programs
Organizational Culture (Tuzunkan & Çalışkan, 2020)	Poor cooperation and disengagement encourage neglect	HR systems promoting teamwork, trust, and accountability

From the RBV perspective in Table 2, asset mismanagement emerges not only from opportunism but also from capability deficits. Employees may not misuse assets deliberately but may lack the knowledge, ethics, or competencies to manage them effectively. Investment in human capital development and leadership directly influences the efficiency of asset governance (Korzh, Mostenska & Bilan, 2017). Similarly, cultivating a culture of responsibility and stewardship ensures that employees view assets not just as resources to be used but as institutional trust to be safeguarded. HR governance therefore plays a strategic role in designing training programs, embedding integrity codes, and cultivating leaders capable of modeling accountability (Tuzunkan & Çalışkan, 2020).

Comparative Analysis

Agency Theory and RBV reveal two complementary perspectives on asset mismanagement. Agency Theory emphasizes misaligned incentives and oversight gaps, **while RBV focuses on** human capital weaknesses and cultural deficits. Effective HR governance must therefore integrate solutions that address both opportunism and capacity. Transparent recruitment, ethics-linked performance management, and clear custodianship structures mitigate agency-related risks. Investments in training, ethical development, and leadership formation strengthen the strategic resource base, reducing vulnerabilities to negligence or incompetence.

The synthesis underscores a dual imperative: HR governance should design systems that both monitor and motivate employees while also empowering and equipping them. Failure to achieve this balance perpetuates cycles of misuse, either through intentional misconduct or through capability deficits. This dual-theory approach reinforces the conceptual framework proposed in this paper, where HR governance operationalizes accountability and stewardship to prevent asset mismanagement.

Conclusion

This paper conceptualizes the relationship between human resource governance and asset mismanagement in public institutions. It argues that asset mismanagement is not merely a financial or technical problem but fundamentally a human governance challenge. By applying Agency Theory and Resource-Based View, the paper identifies internal control systems, ethics and integrity programs, and leadership development as critical levers for strengthening accountability and stewardship. Together, these theories provide a dual perspective: Agency Theory underscores the need for robust oversight and monitoring to align incentives and reduce opportunism, while Resource-Based View emphasizes the value of human capital as a strategic asset whose development can mitigate capability deficits.

The implications of this study extend across several domains. For policymakers, the findings suggest that reforms aimed at preventing asset mismanagement should not be confined to strengthening financial reporting or audit systems. Instead, they should incorporate HR governance as a core component of asset protection strategies. This means embedding transparent recruitment policies, ensuring continuous ethics training, and formalizing leadership development as mandatory requirements in public administration. Such measures can help create institutions where accountability is not enforced externally alone but internalized as part of organizational culture.

For practitioners, especially HR managers and public sector leaders, the conceptual framework outlined here highlights the strategic importance of HR functions in safeguarding institutional assets. HR departments must move beyond administrative tasks and assume an active role in cultivating stewardship values among employees. This includes designing incentive structures that reward ethical behavior, establishing whistleblowing mechanisms that protect integrity, and creating professional development opportunities that enhance employees' technical and ethical competence.

From a research perspective, this paper opens avenues for empirical validation of the proposed framework. Future studies could test the relationships between HR governance practices and asset management outcomes across different institutional settings, including comparative studies between developed and developing countries. There is also scope for mixed-methods research that integrates survey data with case studies to capture both quantitative associations and qualitative insights into how HR policies shape employee behavior in asset management.

In sum, effective prevention of asset mismanagement requires a paradigm shift that situates human resources at the center of governance strategies. Institutions must simultaneously monitor and motivate employees, while also empowering and equipping them to act as custodians of public resources. Strengthening HR governance is therefore not simply an administrative improvement but a strategic imperative that can restore public trust, enhance institutional resilience, and ensure the sustainable stewardship of assets in public institutions.

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