

ABSTRACT

The adoption of Performance Management Systems (PMS) in higher education institutions has redefined governance, accountability, and efficiency. However, its application to voluntary student organizations presents unique challenges, particularly in balancing compliance with developmental goals. This study investigates the influence of PMS compliance on student organizations within the Faculty of Economics and Business at Universitas Gadjah Mada (FEB UGM), examining its effects on organizational growth, governance effectiveness, member engagement, and transaction costs. Anchored in Institutional Theory, New Public Management (NPM), and Transaction Cost Economics (TCE), the research utilizes a robust quantitative approach to uncover both benefits and limitations of PMS frameworks. Results reveal that while PMS compliance fosters transparency, structured growth, and improved governance, it also imposes substantial administrative burdens, leading to increased transaction costs and potential disengagement among members. The findings emphasize the need for adaptive governance models that harmonize accountability requirements with the intrinsic flexibility and creativity of voluntary organizations. This study offers critical insights for policymakers and university administrators, advocating for innovative frameworks that preserve the developmental missions of student organizations while meeting institutional performance standards.

Keywords: Performance Management Systems (PMS), Student Organizations, Governance and Accountability