The Existence of Higher Education in Indonesia as a Public Service Agency in the Implementation of Good University Governance

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ABSTRACT

Higher education autonomy can be realized if universities carry out good university governance. Gorontalo State University (UNG) in Indonesia has implemented the governance of the Public Service Agency (BLU) in recent years. However, an empirical study of its existence as a BLU has not been implemented. The existence of UNG as a BLU in Gorontalo Province is expected to be able to provide the best service in the tri dharma of academics based on the principles of Good University Governance. This study aims to examine the implementation of the concepts and principles of Public Service Bodies in Higher Education in terms of the principles of Good University Governance. The methodology used is descriptive qualitative which includes: desk study, field visits and in-depth interviews, presentations and discussions of study results to answer the research focus. The results of the study found that 1) The implementation of the concept of the University Public Service Board for Gorontalo State University has been carried out through the application of the principles of Good University Governance which consist of: a) Transparency, b) Accountability, c) Responsibility, d) Independency, e) Fairness. 2) The factors that determine the effectiveness of Gorontalo State University as a Public Service Agency consist of: a) Gorontalo State University strategic policies, b) Gorontalo State University innovation as a tertiary institution, c) Gorontalo State University academic support. 3) Third: Development of tertiary institutions as
Public Service Bodies based on the four pillars of leadership of the Gorontalo State University Chancellor is carried out through: a) Achieving educational quality through accreditation, b) Achieving Research Quality and Community Service, c) National and international cooperation, d) improving the quality of graduates. This research contributes to the development of higher education in general in implementing Good University Governance.

**Keywords:** Higher Education, Good University Governance, Public Service Agency

**JEL Classification:** M00, M19, L80

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**INTRODUCTION**

The reform that took place in the late 1990s has led to the rise in demand for a shift in the governance of higher education in Indonesia, and as part of the educational system, universities must encounter this demand. The notion of implementing good governance in higher education is increasingly carried out (Sabandar et al., 2018, Barry & Goedegebuure, 2018). However, a higher level of education is currently facing operational problems and complex global challenges in order to meet the challenges of the industrial revolution 4.0 (4IR) (Majid, Faizah A & Zamin, 2019). Therefore, split-second decision and flexible working hour are necessary to take into account. This demonstrates that it is necessary to have efficient and effective governance arrangements in order to achieve the mission and vision as well as the strategy (Aithal, 2015). The demands towards the existence of Good University Governance (GUG) have been voiced out and have become the strategic issues at the national level. Based on these demands, Ranbir Singh Malik (Malik, 2018) stated that universities in Indonesia had undergone paradigm shifts in management, competition, and so forth. Universities are not only a center for science, research, and community service, but they also serve as corporate entities that need to be competitive to ensure their viability. Similarly to a for-profit corporation where the competition is based on quality, price, and service, university as a non-profit entity encounters the same way. The emergence of the GUG concept is due to the various management problems in higher education (Vargas-Hernández & Ibarra, 2016).

Higher education is autonomous and independent by which it has its own right to manage the institution as a center for the developments of higher education, scientific research, and community service (Hénard & Mitterle, 2010) Referring to the law number 20 of 2003 on the National Education System, higher education conception is (1) to encourage autonomy in the university; (2) to broadly increase society’s participation; (3) non-for-profit. Higher education has the autonomy to implement *Tri Dharma Perguruan Tinggi* (the three pillars of higher education) in both academic and non-academic (Regulation No. 4 of 2014), including the financial management (Regulation No. 23 of 2005). The autonomy of higher education can be realized by implementing the GUG. According to Indrajit & Djokopranoto (Indrajit & Djokopranoto, 2006), higher education, as an autonomous organization, consists of 5 important dimensions; those are namely; 1) scientific dimension (science and technology); 2) educational dimension (higher education); 3) social dimension (social life); 4) corporate dimension (operating unit); 5) ethical dimension. In the context of the corporate dimension, higher education provides services to the community through the teaching and learning process as well as research implementation. Therefore, the governance model of the three pillars of higher education needs to be developed accordingly (Sulila, Ismet & Wolok, 2018).
The government bears the full responsibility for the implementation of higher education in Indonesia in order to generate competitive human resources. Not to mention, higher education institutions in Indonesia are currently competing with various higher education in the world. Therefore, the government, with all its power, issued a full autonomous policy for some state universities. The issuance of regulation number 23 of 2005, as amended in regulation number 74 of 2012 on Public Service Agency (BLU), was an answer to the government’s engagement on higher education implementation that can be accounted for to the public. Falling within the mandate as the working unit of BLU, higher education is expected to apply the concept of GUG in order to generate competitive resources on a global level. Referring to article 1, BLU is an agency under the government that provides goods and/or services aiming to be marketed without prioritizing profit, and on the implementation, it is predicated on efficiency and productivity. Furthermore, as stated in paragraph 2, BLU is flexible for its financial management pattern (PK-BLU). The flexibility includes entitlement to apply sound business practices in order to enhance public services and welfare as well as to enrich the life of a nation. In accordance with this regulation, there are keywords that must be of concern to all government institutions that are mandated as the working unit of BLU, namely the principles of efficiency and productivity, non-for-profit orientation, establishing sound business practice, and improving services to the public. As the public service provider, BLU plays an important role in providing goods and/or services to the community (Waluyo, 2016).

The application of GUG concept is expected to help achieve better governance of higher education that will result in the ability to compete, not only nationally but also internationally. The State University of Gorontalo (UNG) is one of the higher educational institutions that has implemented BLU governance over the years, however, the empirical research on its existence has not been carried out yet. A great deal of governance autonomy is supposed to be able to bring UNG as an excellent and competitive institution in the international level. Therefore, this research focuses on: 1) how is the application of BLU concepts and principles in the matter of a) efficiency and efficacy, b) productivity, c) flexibility, d) non-for-profit orientation, e) the ability to implement sound business practice. 2) What are the factors determining the effectiveness of UNG as a public service agency? 3) How is the development of UNG based on the four leadership pillars of the Rector of UNG?

**LITERATURE REVIEW**

Good governance has meaning a strong governance system is essential for allows the institution or organization to be realized by effort and work spirit by all parties, which is marked with the principles of transparency, accountability, participation, efficiency and effectiveness in line with Law no. 12 2012 and the functions and roles of Tri Dharma high education are the obligation of universities to organize Education, research, and community service (Nurlatifah et al., 2021). The application of the BLU financial management pattern consists of:three important parts, namely: (1) the planning process and budgeting; (2) budget implementation process; and (3) process reporting and accountability (Lukman, 2013).

Application of the principles done through several adjustments based on the values of which must be upheld in the implementation in particular higher education and education, there are five principles, namely: (1) the principle of accountability is realized by positive compensation in the form of: incentives to employees, negative compensation in the form of: incentives to employees, negative compensation in the form of imposition of sanctions or penalties; (2) transparency principle by carrying out an external audit by KAP; (3) the principle of accountability with the efforts made
implementation of regional partnership programs and the Supervisory Board as a functional unit of the Minister; (4) the principle of independence without any influence or pressure from any party; (5) the principle of equality and fairness to stakeholders so that every stakeholder is protected from fraud in the form of a business for personal or conflicts of interest or unfair University practices (Shattock, 2008).

RESEARCH METHOD

Based on the research focus, this research applies a qualitative descriptive approach and is conducted at the State University of Gorontalo for a six-month period. The data are 1) Primary Data which are collected through the specialists in the field, including public policy experts, the officials, and the people who have access to the public service of UNG and 2) Secondary Data that are in the form of literature containing the BLU principles application, factors determining the effectiveness of UNG as BLU, and the developments of UNG as BLU on the basis of the four main pillars of UNG.

The data collection procedures are: 1) Observation, 2) In-depth interview, 3) documentation. The data collected are analyzed descriptively to portray the existence of UNG as BLU. As stated by Miles (Miles et al., 2014), analyzing qualitative data requires three stages of activities at the same time, namely data condensation, data display, and conclusion drawing/verifications. Therefore, in the context of the existence of UNG as BLU, a roadmap is drawn up, as shown in figure 1 below.
Higher education is required to provide the best services to the community in need (Ciobanu, 2013). For this reason, the support of the state financial resource is expected to meet these demands. The reform of the state finance has undergone a new paradigm shift in the state financial management, thus, it needs the human resources and apparatus roles towards the financial governance sector (Sulila & Naue, 2020). The state financial governance paradigm is contained in various government policies, including the law number 17 of 2003 on the state finances, the law number 1 of 2004 on the state treasury, and the regulation number 23 of 2005, as amended in regulation number 74 of 2012 on BLU financial management. Several laws on state finances are
significant reform packages that we have been experiencing since independence. One of the most prominent reforms is the shift of traditional budgeting to the performance-based budgeting. This performance-based technique has given a clear direction to the use of government funds, which is not only financing the inputs but also the outputs. The output-oriented practices have been increasingly adopted by modern government in many countries. Entering the government is a paradigm that correctly directs the public financial sector that is oriented to public services.

Higher education is essentially a modern public institution predicated on the principles of modern organizational management (Welch, 2007). GUG-based management positively impacts all stakeholders (Muhsin et al., 2019). The GUG is a concept of applying basic principles of Good Governance where the whole principles should be practically implemented in order to realize excellent governance in higher education (Sari, 2017). The GUG is a higher educational system that sets goals, implements, and manages the institutions either in physical, financial, human resources, academical, or students achievements (Januri et al., 2018). Consequently, the five general principles of Good Corporate Governance, which are later adapted to the principles of GUG, can turn out to be the answer. Those five principles are Transparency, Accountability, Responsibility, Independence, and Fairness, which often abbreviated as TARIF. At UNG, these five principles are described as follows. 1) Transparency. The university is required to provide sufficient and accurate information to all stakeholders. However, the transparency in budgeting is not yet optimal, particularly in setting up plans, arrangements, managements, and implementations. The major challenges are in terms of finding out the budget items and the distribution for academic activities. Sectoral egoism in the working unit is also more visible than coordination and synchronization that are often neglected. Based on the field research, the transparency of higher education governance at UNG can be observed in the presence of a supervisory structure for BLU, whose members are outside the university. These external supervisors carry out the supervisory duties and functions to ensure that the governance and the utilization of resources are in accordance with the applicable regulations. 2) Accountability. It is taken to mean the clarity of functions, structures, systems, rights, obligations, powers, and responsibilities of the organizational elements. UNG is considered accountable in terms of a line of authority and responsibility in taking actions. Meanwhile, in the sense of being public accountability, it requires improvements in service quality, compliance with regulations, and fulfillment of community rights. In addition, there is an increase in the ability to achieve the goals, utilize resources effectively and efficiently, and improve production and developments. The application of GUG is significantly affected by internal auditors (Kezar, 2014). The accountability of resources in this regard focuses on service quality assurance of UNG. One of which is proven by the continuous improvement of study program accreditation status. Another major accomplishment is the university's accreditation status, which has become one and only university with A accreditation predicate in Gorontalo province. 3) Responsibility. It appears in the way of organizational compliance toward the existing regulation, e.g., tax compliance, work safety, health, social environment, and etc. In this context, the form of UNG’s responsibility is seen from the ability to respond to problems and challenges that occurred. These challenges may include the assurance of graduate quality, graduate employability, as well as the development of the three academic pillars. At UNG, quality assurance emphasizes the availability of the resources, ranging from the teaching staff, the academic support staff, buildings, laboratories, and other resources, focusing on improving graduates' quality.

The graduate employability can be seen from the increase in the absorption rate of alumni in both public and business sectors. The university constantly puts many efforts into improving graduates’ quality every year through apprenticeships, collaboration/
labor selection models, and, most importantly, through improving students’ interests and abilities in entrepreneurship. The development of the three academic pillars is seen from the innovation of UNG in educational technology, research activities, and community services, which are either funded by the internal institution, cooperation between institutions, or the Directorate of Research and Community Service (DRPM) of higher education. 4) Independency. It is defined as independence in managing the organization professionally without any conflict of interest or intervention from any party that is against the existing regulations. The university views independency as an expanse to innovate for competence and professionalism developments that will result in improving performance openly and broadly to all parties in accordance with the three academic pillars. The most significant aspect that must be constructed is the contribution of academicians in utilizing the expanses of confidence and openness. The integration of various disciplines is supposed to make UNG create and produce innovative and monumental works for other universities in Tomini Bay and Indonesia as a whole. 5) Fairness. It is necessary to be fair in fulfilling the rights of stakeholders based on the existing regulations. Therefore, it requires equal treatments, opportunities, and trusts either in positions or other academic processes in order to implement this principle. In general, it has been going as expected for the purpose of simultaneously accomplishing various short, medium, and long-term policy strategies. In addition, the equality of academicians plays an important role in achieving UNG as an excellent and competitive university.

DISCUSSION

Focus 1. How is the application of BLU concept in terms of GUG principles in higher education? The application of GUG is expected to create excellent service, particularly in the academic field. The service should exceed the expectations of the customers as it can be an asset to build community trust (Eckel & Hartley, 2008). It is in line with Siswanto (Siswanto, 2013) statement that GUG is a system, principle, rule, mechanism, and structure that are applied to achieve the university goals and control the activities so that the goals are well-achieved. Good governance is able to encourage all members of an organization to play their roles in compliance with their respective functions and to ensure the organization going as planned (Alreemy et al., 2016). However, in reality, the quality of education in Indonesia is considered low, as reflected in the low-ranking positions among universities in the world and the high rate of unemployment. Therefore, the application of good governance, along with effective and efficient organizational performance, will enhance the educational quality (Kadir & Nimota, 2019). The first finding focusing on the application of BLU concept in higher education in terms of GUG principles is briefly described as follows:
Figure 2. Good University Governance Principles

Focus 2. What are the factors determining the effectiveness of UNG as BLU?
Referring to the regulation of Minister of Education and Culture of Indonesia Number 49 of 2014 on national higher education standard, higher education is an educational unit that organizes higher education. Thus, it requires good governance in this regard. The main policy in the 21st century (Kennedy, 2003) is when the autonomy and competition in the realm of education exist. The people tend to select higher educational institutions based on the quality of an institution rather than the large quantity of students who applied (Akareem & Hossain, 2016). There are various reasons for the importance of GUG, those are including: 1) an increase of students applying to universities, it is recorded that an increase of 50% from 68 million students in 1991 to 132 million students in 2004 applying to universities; 2) the emergence of numerous universities that are able to provide diversified education services; 3) more flexible delivery models (e-learning system); 4) Changes in demographics of students, such as the economic, ethnic, cultural, and educational backgrounds; 5) an increase in the internationalization of higher education; 6) the enhancement of new research and innovation results for the purpose of science developments.

Based on the field research, several factors are found determining the effectiveness of UNG as BLU. 1) Strategic Policy of Higher Education. UNG is supposed to optimize the educational service utilizing the existing resources in accordance with the demands of both internal and external environments in order to develop its organization. UNG should strengthen the commitment of the personnel to be able to achieve the organizational goals through the vision of the university. It is also an important effort to improve the efficiency and effectiveness of the university. 2) Innovation of Higher Education in Improving the Quality of Education. Innovation in higher education is a form of the seriousness of universities in a rapidly changing world. Through innovation, the university is not only able to keep up with change and reject change, but it is also able to take advantage of utilizing the existing advancement for their knowledge developments. The provision of quality education will definitely be beneficial for science and society. 3) Support of Academicians. Harmonious relationships among academicians positively affect the entire university components in accordance with the vision and missions of the university. The accomplishment of vision and mission will generate professional graduates that have an impact on the fulfillment of proficient human resources in various fields. This is in line with the purpose of the government in creating globally-oriented citizens. The tripartite of higher education, consisting of
institutions, lecturers, and students, should be well-established in order to create comparative advantages. Integrated quality management has to focus on the outputs, then the process, and the involvement of all related elements in the tripartite of higher education.

The second finding focusing on factor determining the effectiveness of UNG as BLU is briefly described in the following figure.

**Figure 3.** Determining Factors of UNG as BLU

Focus 3. How is the development of UNG as BLU based on the Rector’s four leadership pillars?
The university governance in this regard, which is related to decision making, should be performed in integrated and comprehensive manners. The general three dimensions of decision making are to whom, who, and what resources are the decision made for? (Trakman, 2008). GUG comprising systems, structure, and mechanism that is able to ensure the institutional management in a transparent and accountable manner and which is developed based on values of moral, ethics, integrity, and academic norms will be a response to the questions (to whom is the decision made for and who makes the decision). GUG, referred to as behavior, is a method used by universities to optimally utilize all its potential and elements in achieving the vision and missions as well as for deciding to whom is accountability addressed toward the use of resources.

The development of UNG as BLU based on the rector’s 4 leadership pillar is conducted as follows: 1) Accomplishment of Educational quality through accreditation. In an effort to improve accreditation status, several aspects are of concern, namely: a) quality of leadership and governance performance, b) quality of inputs, c) quality of the process, d) quality of outputs. 2) The accomplishment of Research and Service quality. In improving the research quality, several questions are considered important to be realized by UNG, those are: a) how is the policy of research and community service carried out?; b) what are the applications of research and community service policy?; c) how is the utilization of research and development results in improving science and technology, particularly in the field of technological engineering, innovation, as well as technology diffusion?; d) what are the types of community services that are related to the findings utilization?. 3) The national and international cooperations. The concept of
educational cooperation between the higher educational institution and industry has the following characteristics: a) UNG is the center of excellence, b) UNG establishes International standard certification, c) Cooperation in creating business plan, d) Facilities for entrepreneurship. 4) The improvements of graduate quality, including: a) Students' productivity and creativity, b) Lecturers act as educators and teachers, c) Facilities and Infrastructure. The third finding focusing on the developments of UNG as BLU on the basis of the rector's four leadership pillars, the connection of UNG as BLU, good governance principles, the four pillars as well as the vision of an excellent and competitive university, are briefly described in the following figure:

**Figure 4.** Correlation of UNG as BLU, good governance principles, the four pillars dan the vision of UNG

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**CONCLUSION**

Based on findings and discussion concerning the three focus types of research, it can be concluded that: 1) the application of BLU concept at UNG has been realized through the implementation GUG principles that include: a) Transparency, b) Accountability, c) Responsibility, d) Independency, e) Fairness. 2) Factors determining the effectiveness of UNG as BLU are consisted of: a) Strategic policy of UNG, b) Innovation of UNG as higher education, and c) the support from academicians. 3) The development of UNG as BLU on the basis of rector's four leadership pillars is conducted through a) Accomplishment of Educational quality through accreditation, b) Accomplishment of Research and Service quality, c) The national and international cooperations, and d) Improvements of graduate quality. The results of this research can be used by the Gorontalo State University in improving the existence of Gorontalo State University as a Public Service Agency in accordance with applicable regulations. In addition, research findings are expected to become a reference and recommendation for universities globally in implementing Good University Governance.

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**DECLARATION OF CONFLICTING INTERESTS**

The author declares that there is no conflict of interest in the preparation of this article.
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