

# TRANSFORMATION OF HIGHER EDUCATION GOVERNANCE TOWARDS INNOVATION FOR COMPETITIVENESS IN THE GLOBAL ERA

**SITI ISTIKHOROH \***

Universitas PGRI Adi Buana Surabaya. \*Corresponding Author Email: [istikhoroh\\_siti@unipasby.ac.id](mailto:istikhoroh_siti@unipasby.ac.id)

**MUTIARA RACHMA ARDHIANI**

Universitas PGRI Adi Buana Surabaya.

**I GEDE DHARMA UTAMAYASA**

Universitas PGRI Adi Buana Surabaya.

**REZA RACHMADTULLAH**

Universitas PGRI Adi Buana Surabaya.

## Abstract

This research aimed to discuss the transformation of higher education showing innovation in competitiveness with the rapid development in the global era. The research used an explanatory method to analyze the relationships between variables as well as explain the effects through hypothesis testing. The population includes all higher education institutions in East Java, consisting of 55 State Higher Education (SHE) and 350 Private Higher Education (PHE) institutions. The stratified random sampling method was used to determine the sample size, accounting for 30% of the population. The result showed that the relationship between human capital can enhance good higher education governance towards innovative competitiveness in institutions. This implied that the human capital possessed by higher education institutions could be maximized to achieve competitiveness when managed effectively by the leaders. Furthermore, leaders need to be fair and capable of setting the best example for all members of the organization. Human capital can also provide an understanding of the duties and authorities of each member according to the field of work, particularly for lecturers and educational staff. In conclusion, good governance was believed to be able to develop an organizational culture that supports the achievement of objectives and facilitates competitiveness.

**Keywords:** Governance, Higher Education, Innovation, Competitiveness, Global Era.

## 1. INTRODUCTION

Higher education is an important foundation in preparing future generations to face global challenges and opportunities. To address the complexities currently encountered, steps are needed to transform higher education governance and stimulate innovation in the systems worldwide. Graduates are a critical milestone in the journey towards transforming higher education governance.

Strategic partnerships, and cross-border collaboration in research, teaching, and academic exchange promote the global exchange of knowledge essential for innovation. According to previous research, global competitions requires innovative management to meet the demands of the 21st century [1].

Collaboration between higher education institutions and other stakeholders aims to equip graduates with the determination to transform higher education in the global era. For a sustainable future, higher education should be protected from the adverse effects of globalization. However, the sector cannot be restricted in fulfilling its mission within a global context and must be elevated to address the disparities in higher education governance. The 21st century witnessed unprecedented challenges and transformations in higher education worldwide [2].

Higher education must increasingly strengthen competitive advantage and competitiveness to maintain existence. According to previous research, the increasing competition in higher education has a positive impact on the quality of services [3].

In this context, innovation skills are important for improving the performance and competitiveness of a higher education institution. The result of previous research showed that higher education institutions should be able to face and turn the greatest challenges in technological development into opportunities to enhance the quality of education as well as improve the capacity and integrity of human resources [4].

According to [1], innovation in management needs to transform higher education towards skill- and knowledge-oriented work. The research result also showed that the global era has added many benefits to the higher education sector. The results of research by [5] showed that human resources and effective governance directly affect competitive advantage.

Similarly, (Kardi et al., 2024) reported that institutions implement innovations for the development of innovative and responsive education. The leaders in this research believed that the transformation of education is very important [7]. In this context, the novelty relates to higher education governance and the impact on competitiveness in the global era.

Institutions play a fundamental role in shaping quality human resources capable of competing and adapting amidst the dynamics of the globalization era [8]. Higher education serves as the center of innovation in learning, facing global challenges with high competitiveness and adaptability. Optimizing the role of knowledge-based strategic assets to enhance the competitiveness of institutions requires organizational governance that provides opportunities for leaders to implement knowledge management concepts [9].

In the global era, competition between institutions occurs locally, nationally, and globally. In facing global competition, higher education institutions are confronted with the urgent need to innovate and maintain a leading position. This innovation is important for maintaining the competitiveness and relevance of higher education in addressing challenges and seizing opportunities in the global era. Competitiveness is a dynamic process, rather than just the output produced, which is evident in the potential resources, such as the expertise of leaders, lecturers, and academic support staff, as well as the facilities available [10].

Reflecting on the background description, human capital is a central issue for higher education institutions in increasing competitiveness. In this context, it is important to examine and understand governance towards innovation carried out by higher education in facing the challenges of the global era. Investigating these innovations and issues will provide insights for the further development of the system and also offer strategic recommendations for institutions to have the capacity to pursue excellence and relevance. Therefore, this research aimed to discuss the transformation of higher education showing innovation in competitiveness amidst the rapid developments of the global era.

## 2. METHOD

An explanatory research method was adopted to analyze the relationship and explain the influence between variables through hypothesis testing. Table 1 shows the variables and indicators used in this research.

**Table 1: Research Variables**

Variable Type	Variable Names & Operational Definitions	Indicator
Independent	Human Capital owned by HR has added value to higher education	1. Educational Qualification 2. Functional position 3. Learning innovation 4. Scientific publications 5. Community service 6. Service quality
Moderating	Good higher education governance is a series of structured processes used to direct organizational efforts to drive value and business continuity	1. Managerial 2. Participation 3. Responsibility 4. Autonomy 5. Transparent

The research population comprises all Higher Education in East Java, consisting of 55 State Higher Education (SHE) and 350 Private Higher Education (PHE). The sample was determined using a stratified random sampling technique, accounting for 30% of the population with the following pattern:

**Table 2: Research Sample**

No.	Higher Education Status	Population	Sample 30%
1.	SHE	55	16
2.	PHE	350	105
Total Sample			121

Data was collected by distributing questionnaires to 121 higher education leaders, and the results were described in Tables 3 to 5. A five-point Likert scale was used for the general explanation, namely TD (Totally Disagree), DA (Disagree), N (Neutral), A (Agree), and SA (Strongly Agree).

**Table 3: Description of Human Capital Variables**

No.	Statement	TD	DA	N	A	SA	Average
1	A higher doctoral education implies a better reputation for the institution	7	8	12	52	42	3.94
2	The functional status of a lecture is directly related to the ability to carry out tri-dharma duties	4	7	22	42	46	3.98
3	Innovation is needed to improve students' understanding of the curriculum	7	9	12	57	36	3.87
4	The ability of lecturers to publish scientific works influences the assessment of the quality of community institutions	4	6	9	46	56	4.19
5	Lecturers carry out community service according to community problems, not the lecturers' needs	8	9	14	42	48	3.93
6	Academic services are provided by professional educators	10	14	20	36	41	3.69
	Variable Score						3.93

Source: Results of filling out the questionnaire, processed

Description: Average score =  $(TD \times 1) + (DA \times 2) + (N \times 3) + (A \times 4) + (SA \times 5) / 121$

Variable Score = Total Average Score / 6

In Table 3, human capital was categorized as a determinant factor of the competitiveness of higher Education institutions, with an average score of 4.19 points. The level of added value to Human Resources, commonly referred to as “human capital”, was assessed based on the qualifications of lecturers, as well as academic positions, ranging from Assistant Lecturer to Professor, innovative abilities in teaching, the ability to publish scientific research in reputable journals, close relationships with the surrounding community, and the ability to provide satisfactory services to all stakeholders, especially students. Among all indicators, the ability of lecturers to publish scientific research was found to be the main indicator with an average score of 3.93 points. The more scientific research published by lecturers is read by the public, the greater the added value possessed by the respective lecturers.

**Table 4: Description of Good Higher Education Governance Variables**

No.	Statement	TD	DA	N	A	SA	Average
1	Leaders provide equal opportunities for all employees to perform well	8	8	15	47	43	3.90
2	Leaders provide opportunities for employees to work together to advance the organization	6	11	12	55	37	3.87
3	The financial accountability mechanism is carried out systematically according to correct bookkeeping rules	7	7	9	44	54	4.08
4	Every member of the organization understands their responsibilities according to the organizational structure	3	6	12	44	56	4.19
5	Providing work instructions and evaluating work results is carried out transparently	10	12	20	32	48	3.81
	Variable Score						3.97

Source: Results of filling out the questionnaire, processed

Description: Average score = (TDx1)+(DAx2)+(Nx3)+(Ax4). +(SAx5)/121

Variable Score = Total Score Average / 5

Table 4 explains that the role of good governance in determining competitiveness received a great response from respondents, scoring 3.97 points. Several factors are required from the leaders of Higher Education Institutions, including providing equal opportunities for all employees to perform well and advance the organization according to competencies. Leaders need to evaluate the performance of employees and provide guidance to achieve the best results after comprehending each task and function. In the financial field, leaders need to direct employees to produce transparent reports according to proper accounting principles. The result showed that the ability of employees to perform tasks according to the duties and authorities had the highest score, namely 4.19 points. This phenomenon can be explained when all members of the organization understand the primary tasks and functions and are accountable for performance according to the organizational structure.

**Table 5: Significance Value**

	Original Sample (O) / Path Coefficient	T Statistics ( O/ STDEV )	P Values	Information
Effect_HC*GHEG	0,025	3,135	0,001	Significant

Description: HC (Human Capital); GHEG (Good Higher Education Governance)

A good higher education governance contributes 0.035 points to the relationship with Human Capital, with a significant level of 0.001. Therefore, the hypothesis stating that a good higher education governance increases the influence on competitive advantage was accepted.

### 3. RESULTS AND DISCUSSION

The analysis results showed that the relationship between human capital can enhance good governance towards innovative competitiveness in higher education institutions. Good governance in higher education complies with legal regulations and also includes efforts to innovate and improve sustainably [4]. Meanwhile, governance relates to the process of making decisions about certain matters, specifically regarding organizational structure, performance evaluation, levels of autonomy, and member accountability. In this context, the full potential of humans can help realize competitiveness when managed efficiently. Leaders should be fair and able to set the best example for all members of the organization. For example, providing an understanding of the roles and responsibilities of each member according to the field of work, particularly for lecturers and educational staff. Previous research showed that good governance develops an organizational culture that supports the achievement of objectives and facilitates competitiveness.

Higher education was designed as a conducive environment for intellectual and personal growth, where students and lecturers are equally engaged in a creative and innovative teaching and learning process [11]. The competition and high demands for the quality of higher education in this era of globalization necessitate each institution to improve

standards and contribute to the competitiveness of the nation. According to previous research, the transformation in higher education determines the roadmap for the future toward sustainable educational management strategies [12].

#### 4. CONCLUSION

In conclusion, higher education was an important foundation in preparing the future generation to face global challenges and opportunities. In addressing the complexity currently faced, steps were needed to transform the governance of higher education and trigger innovation in the system worldwide. Graduates from higher education institutions were important in the journey towards transforming governance. Furthermore, through the formation of strategic partnerships with other higher education institutions, collaboration across borders in research, teaching, and academic exchange was encouraged. Higher education faced with global competition was confronted with the urgent need to innovate in order to stay at the forefront. This innovation was important for maintaining the competitiveness and relevance of higher education in addressing challenges and seizing opportunities in the global era.

The implementation of this research aimed to achieve quality and competitive higher education institutions. To achieve organizational objectives, optimism, hard work, and having reliable human resources at the management level are essential. Therefore, increasing the quality of human resources, specifically leaders, lecturers, and employees, should be prioritized before implementing other improvements. A competitive higher education institution excelled in transforming inputs into optimal outputs. These outputs were evident in graduates or alumni who effectively meet the societal demands, developmental needs, or market requirements, both regionally, nationally, and even internationally.

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