

The Model of Public Management Good Governance Development at Private Universities

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Abstract: University academic society should be made aware that implementation of good governance does not only pose an obligation, but rather a necessity. Along with the increasingly fierce competitive situation, a University must consistently apply good university governance as a system attached to the university dynamics. Implementation of good governance values at universities can be integrated into a higher education culture. This research for the first year aims to identify the concept of the implementation of good governance at private universities in the city of Medan. This research is expected to increase efficiency, transparency, and consistency within private universities in Medan. In order to measure the implementation of the concept of Good Governance at the Private Universities in The city of Medan, the parameters of the aspects of transparency, participation, legal sovereignty or compliance with regulations, accountability, and effectiveness were used. The results of this study revealed that Good Governance has been implemented in Private University in The city of Medan and the aspects of transparency, participation, law supremacy or regulatory compliance, accountability, and effectiveness have well been implemented.

Keywords: Finance, Good Governance, Private University.

INTRODUCTION

The concept of good university governance is a derivative or follow-up of the concept of good governance and good corporate governance. Good governance is oriented towards an attempt to implement good government management. This concept is developed and adopted by a company in order to set up good corporate governance. The success of the concept of good governance and good corporate governance is finally adopted by public institutions, one of which is higher education institutions, especially those of state universities that have been mandated as Public Service Bodies (BLU). The aspects or parameters measurement for good governance and good corporate governance vary widely, including: (1) transparency; (2) participation; (3) accountability; (4) responsibility; (5) independency; (6) fairness; (7) rule of law; and (8) efficiency and effectivity. Universities are required to be able to ensure that good governance are applied to all levels of bodies within a university institution. At the moment, universities, as Prewitt (2004) argues, are facing market pressure that requires it to be oriented towards governance revolution. Higher education is faced with several challenges, namely: quality improvement, relevance, equity, efficiency, and governance [1]. To achieve good university governance,

each university is required to comply with the National Standards of Higher Education (SNPT) in compliance with the Regulation of the Minister of Education and Culture of the Republic of Indonesia on National Standards of Higher Education (SNPT). National Standards for Higher Education (SNPT) are standards that are inclusive of standards of education, standards of research, and standards of community service. The SNPT is aimed at ensuring higher education held by universities in conformity with the minimum criteria of education, research, and community service systems, throughout the jurisdictions of the Unitary State of the Republic of Indonesia. Every university is obligated to meet the SNPT. SNPT shall be the basis for granting the permit for establishing universities and establishing new study programs and internal quality assurance system. SNPT shall be the basis for determining the criteria of the external quality assurance system under accreditation system. The scope of SNPT consists of national standards of education, standards of research and standards of community service. With the implementation of SNPT by universities, especially those of private universities, good governance can be realized. The issue of governance as the number one issue faced by Indonesia is something inevitable, especially the issue of higher education governance in

Indonesia. The Ministry of National Education reported that the quality of higher education in Indonesia is at a low level. Especially that of education quality among private universities in The city of Medan, as can be seen from the small number of accredited private universities (institutions), and there has been no private university is accredited A. Of the 21 private universities in the city of Medan, only 1 (one) private university and 2 (two) private colleges are accredited B and C. Accreditation is a tool for measuring the minimum level of quality of higher education as administered by BAN-PT [2]. That is why, in its strategic plan, the Directorate of Higher Education has stressed on the importance of organizational health in order to improve the quality of higher education. A good state of a university organization is measured by applying the principles of good governance. There are six aspects that must be considered in managing a good university according to the standard of University accreditation forms, namely: Civil Procedure / Leadership, Students and Graduates, Human Resources, Curriculum and Teaching, Finance and infrastructure, and Research and Community Service. Private universities as part of higher education institutions in Indonesia are certainly facing the same challenges. This simultaneously triggers a change of paradigm developed in national education that relies on three main things, namely independence, accountability, and assurance. As such, the fundamental thing to be realized and poses a challenge for private universities is how private universities can embody good governance. This research is conducted based on a desire and effort to improve the quality of universities, particularly that of private universities, and fulfill the demands of people who have been longing for high-quality private universities. We believe that one way that can be taken to make private universities strong, high quality, and can develop sustainably (development), is through improving the quality of good governance. This research will practically benefit the private universities in Medan. Benefits and impacts arising from the implementation of good governance is to make private universities strong, high quality, and can develop sustainably, through improving the quality of good governance so as to improve the quality of private universities in the city of Medan.

LITERATURE REVIEW

Higher Education Management

Based on the Government Regulation No. 4 of 2014, universities have the authority to (1) the autonomy of universities; (2) pattern of university management; (3) higher education governance; and (4) public accountability. Meanwhile, according to Indrajit & Djokopranoto [3], there are 5 (five) dimensions embodied in universities, namely:

Science dimension (science and technology)

Science and technology is an academic society, where a science society has the autonomy of science in

the form of academic freedom in every discipline in accordance with principles and methods;

Educational dimension

Higher education is a process of transforming younger human beings into adult human beings, who are independent and responsible. In contrast, the learning process is generally formal;

Social dimension

Science and technology allow students to hold responsibility within a society;

Corporate dimension

Science and technology, has the output (commodity) of science as its core business which leads the institution to have customers, face competition, handle organizational resources and promotes its businesses;

Ethical dimension

Science and technology as the center for creativity and dissemination of science and technology. has a role in protecting human dignity and moral responsibility of science and technology.

In the context of corporate dimension, universities provide services of higher education to the community in the form of teaching and learning process and research, with science taught and researched. It is therefore, the business in a university is science. Indrajit & Djokopranoto [3] coined the term “front office process” as the field of academic services or the process of learning and teaching - and “back office process” as academic and non-academic administrative services.

Academic Service (Front-office-services)

The front-office service is referred to as the core product and services as the main product offered to customers. In the context of universities in Indonesia, this term is called “Tri Dharma Perguruan Tinggi (Three Pillars of Education)”, which encompasses aspects of education, researches and community service.

Academic and non-academic administration services (back-office services)

The back-office-services as a front-office-services supporting unit, such as student administration service, financial and accounting management, human resource management, academic administration, campus infrastructure management, and so forth. The extent or absence and complexity of the back office-services is largely determined by the size of the university.

Tampubolon [4] stated that stakeholders are customers. There are three groups of college customers or stakeholders, namely:

- Primary customers, are students as it has direct impact and utilize the product of higher education and participate in the production process;
- Secondary customers, comprising of university management (university leaders, faculty staff, and administrative staff), parents, community, government, donor organizations and the environment;
- Tertiary customers are those who have interests in a university setting.

Cortese [5] classifies college stakeholders into two, as follows:

- Internal stakeholders are comprised of faculty, operational staff, students; and
- External stakeholders include parents, alumni, local and regional communities, donors and government.

Furthermore, Tampubolon [4] stated that the customers of higher education institutions are the ones who are influenced by university products and processes that occur in the production and presentation of college products. The term influenced implies (1) directly affected as they live by and exploit the product and participating in its production and presentation; (2) indirectly affected by the product and the production and its presentation; and (3) a change occurred in the affected-self.

The Implementation of Good Governance Principles in a Higher Education

The principles of good governance include transparency, independence, accountability, responsibility, equity, and fairness. These principles are needed at a university in order to achieve sustainable performance by taking into account the stakeholders. The university society should be made aware that the awareness that the demand for the implementation of good governance is not only an obligation, but rather a necessity. Universities should consistently work on realizing good university governance as a system embodied in a university dynamics.

The concept of Good Corporate Governance (GCG) is a breakdown of the GG concept. GCG is one of the concepts that becomes a strategic and mainstream issue in the implementation of a good corporation. According to Brodjonegoro, a good university should be willing to adopt corporate management. The concept of GCG is therefore appropriate and suitable to be applied at universities. GCG itself is a concept of how good corporate governance able to survive and stay competitive. In private universities, Good Corporate Governance is deemed necessary in order to trigger the behavior in managing private university efficiently, effectively, transparently and consistently in accordance with the laws and regulations. According to this GCG definition, GUG can be interpreted as a structure, a system, and a process used by the college organs in an

effort to provide the products value or processes on an ongoing basis. According to the United Nations Development Program (UNDP) as cited in Sutiono [6] in Djanali [7], a good governance success indicators include (1) transparent and accountable; (2) effective and fair; (3) guarantee the supremacy of the law; (4) ensuring that political, social and economic priorities are based on community consensus; (5) paying attention to the weakest points in making decision. Muhi (none), stated that the principles of GUG, ie transparency, independence, accountability, equity and fairness are needed in universities in order to achieve sustainable performance while maintaining the interests of stakeholders. GCG policy in universities is needed so that the parties who play a role in running university management can understand and perform the functions and roles according to the their authority and responsibility.

Muhi provides an overview of the application of GUG principles on governance on higher education institutions:

- Transparency. information dissemination in providing information to stakeholders, so that the position and management of corporations (universities) might reflect the real conditions and expectations of higher education in the future. In this context, Muhi further elaborates on (1) the transparency of the decision-making process; (2) transparency to partners; and (3) transparency of employee performance appraisal;
- Independence. In terms of the aspect of independence, the rector, board of trustees, and senate have respective independent opinions on every decision taken. In addition to that, it is also possible to obtain advice from independent consultants and legal consultants to support the rector's success;
- Accountability. The functions of each organs within an organization should be clearly defined so that in the implementation and its accountability so that the institutional management is effectively implemented. In this context, more attention is paid to accountability in the submission of financial statements, and aspects of human resources accountability;
- Accountability. Prioritize the conformity in the management of the university according to applicable laws and regulations and the principles of healthy and quality institutions. Each division/unit has its own distinct duties and functions, with their respective allocation of responsibilities clearly stated in the university regulatory policy;
- Equality and equity. Universities can apply equal treatment to all academic community, be it equity with regards to the relationships with the academic community, equity of procurement of goods/services, equity of information, and other

equities. To measure or assess the GUG, this study applied Solihin's theory [8], in which there are four aspects that need to be measured in the GG, namely accountability, legal sovereignty, transparency, and participation by adjusting the context of higher education management.

RESEARCH METHODS

This research is a development research model with the aim of producing good governance development model as an effort to improve the quality of private universities so as to create quality private universities. This research was conducted at three organization-based private universities in The city of Medan, including (1) University of Muhammadiyah Sumatera Utara (UMSU); and (2) University Of Muslim Nusantara (UMN). The nature of this research is descriptive quantitative. This study particularly aimed at describing the phenomenon or the conditions of the implementation of Good Governance (GG) principles at private universities in The city of Medan. The population is the data that strike the researcher's attention in the scope and time specified [9]. The population in this research were lecturers and employees in 2 (two) private universities in The city of Medan which are of organization-based. The sampling technique was judgment sampling in which the number of respondents is determined under certain considerations. The total samples from the 2 (two) organization-based private universities were as many as 295 respondents, with (1) University of Muhammadiyah North Sumatra comprised of 73.90%; (2) Universitas Muslim Nusantara comprised of 26,10%. In this study, the data used to describe the phenomenon of the implementation of Good Governance principles are in the form of qualitative data which were then quantified. To obtain the data needed in this study, survey technique was used. The survey is a study by taking samples from one population and uses questionnaires as a primary data collection tool. In order to obtain data with the survey approach, we distributed questionnaires to lecturers and/or employees at the above mentioned private universities in The city of Medan. The technique of distributing the questionnaires used judgment sampling technique. Data collection techniques used in this study included participant observation /observation, documentation study, interviews with relevant parties and distributed questionnaires to the parties concerned.

RESULTS ANALYSIS AND DISCUSSION

Aspect of Transparency

Transparency means openness, private universities as a jointly owned institution should provide adequate information regarding higher education affairs, ranging from the formulation of policy, the implementation of the policy and the outcomes as compared to policies and transparency in terms of private university programs. Private

universities are also required to be transparent in financial management. In addition to that, the public does not experience barriers in accessing various information disseminated by private universities, whether delivered through electronic media and print media. In the context of private universities, a private university must apply transparency in terms of financial management, transparent in human resource management, transparent in academic affairs, transparent in policy, transparent in policy making, transparent in assets management, and so forth. The aspect of transparency is illustrated by three indicators including (1) transparency in information dissemination (website); (2) Media for information dissemination (website), manual, SOP, bulletin board, printed & electronic items; (3) the effectiveness of information delivery.

Referring to the Law Number 14 of 2008 on Public Information Transparency. This law is addressed to the executive, legislative, judicial bodies as well as other bodies whose functions and duties are related to state administration, of which are part or all of their budgets are sourced from the State Budget (APBN) and / or Regional Revenue and Expenditure Budget (APBD). The establishment of the law is based on the urgent need of Good Governance itself. Thus, the private university should also be more transparent in various matters, not only transparent in information which is normative, but also transparent in the financial management. Private universities are expected to set a model on how to manage universities with good governance. One of them is to promote transparency in the bureaucratic management. The public should be able to notice how universities manage all the assets and human resources within the institution. As such, the public are exposed to the management process and can give input (monitoring) in order to realize an ideal university. Thus, the concept of Good Governance at private universities is needed in order to form efficient, effective, transparent behavior and consistent with the laws and regulations in managing the universities.

Aspects of Participation

One of the principles of Good Governance is participation. Participation in this context is the participation of the community in managing institutions or government. According to Britha Mikkelsen [10], participation is defined into; (1) community voluntary contributions to the project without being engaged in the decision-making; (2) sensitizing the community to improve their capability in responding to development projects; (3) community voluntary involvement in their own decided changes; (4) an active process, i.e. using their freedom to do it; (5) conducting a dialogue between the community and the staff who prepare, implement, and monitor the project, obtaining information on local circumstances, and social impacts; and (6) community involvement in their own

development, life and environment. Not all private university stakeholders are directly involved. However, most of the internal stakeholders involved in the policy formulation, policy implementation, and policy oversight are comprised of main internal stakeholders, such as the rector, the vice-rectors, the deans, vice deans, heads of bodies, heads of heads, head of bureau, and other heads of Technical Implementation Unit. Aspects of participation are indicated using four indicators, including (1) key stakeholders involved in the decision/policy making; (2) stakeholders involved in the planning process; (3) stakeholders engaged in the policy oversight; (4) stakeholders involved in the policy formulation.

Aspect of Legal Sovereignty

Legal Sovereignty is one of the principles that must be implemented by the government in order to implement the principles of Good Governance or Good Corporate Governance for private universities who are keen on enforcing its governance. Soetandyo Wignjosebroto [11] states that Legal Sovereignty is to enforce and put the law in the highest position that can protect all levels of society without any intervention by any party including state organizers. In this study, legal sovereignty is defined as (1) the availability of laws and regulations pertaining to the implementation of higher education; (2) the availability of strict reward and punishment system as a result of the enforcing laws and regulations; (3) monitoring and oversight system of law enforcement agencies which is conducted objectively, independently and easily accessible to the public; (4) providing socialization of all laws and regulations to all stakeholders; and (5) in implementing the administration of higher education, the management of private universities is guided by regulations, be it regulation issued by the Ministry or the regulations issued by the management of private universities. This assertiveness and consistency is not followed by a clear reward and punishment program. This can potentially trigger bad implementation of laws and regulations applied. Despite the fact that private university management fails to implement clear rewards and punishments, most internal stakeholders are in fact compliant with the applicable laws and regulations, particularly those relating to higher education. Therefore, in the aspect of legal sovereignty, if consistently developed and socialized and understood consistently and followed by a high commitment by all stakeholders, the administration of higher education will be realized even better. The aspect of legal sovereignty includes: (1) The availability of laws and regulations pertaining to the implementation of higher education; (2) The availability of a clear reward and punishment system; (3) The availability of monitoring and oversight system of law enforcement agencies which is conducted in an objective, independent, and easily accessible to the public manner; (4) the

availability of socializing the laws and regulations; (5) guided by prevailing rules and regulations.

Aspect of Accountability

Accountability is one of the important principles in Good Governance. In addition, it is a principle developed and implemented by private Universities. This is as stipulated in Government Regulation Number 23 of 2005 and reaffirmed in the Government Regulation Number 74 of 2012. Accountability as stipulated in the Government Regulation Number 4 of 2014, states that in a university management, there must be public accountability. According to Sedarmayanti [12], accountability is a manifestation of obligation to call to account the success and failure in the implementation of the mission of the organization to achieve the goals and objectives that have been established through the media accountability carried out periodically. Irfan [13] states that accountability can be well realized if (1) there is a strong commitment from the leaders and all staff; (2) there is a system that ensures the use of resources are in conjunction with applicable laws and regulations; (3) may indicate the level of achievement of goals and objectives; (4) oriented towards the achievement of vision and mission and the results and benefits obtained; (5) there is honest, objective and innovative attitude as a result of management evolution within government agencies in the form of updating methods and techniques of performance appraisal and preparation of accountability report. The aspect of accountability is indicated with 5 indicators, including (1) there is a Standard Operating Procedure (SOP) in the implementation of higher education; (2) there is the mechanism for accountability of higher education; (3) there is an Annual Report; (4) there is an activity accountability report; (5) there is a system of control in the administration of higher education.

Aspect of Effectiveness

The aspect of effectiveness is indicated with 5 indicators, including ((1) there is a Standard Operating Procedure (SOP) in the implementation of higher education; (2) there is the mechanism for accountability of higher education; (3) there is an Annual Report; (4) there is an activity accountability report; (5) there is a system of control in the administration of higher education.

CONCLUSIONS

- The concept of Good Governance at private universities is needed in order to encourage good behavior in managing universities in an efficient, effective, transparent manner and consistent with the prevailing laws and regulations.
- Not all private university stakeholders are directly involved, however, most of the internal stakeholders involved in the policy formulation,

policy implementation, and policy oversight are the key internal stakeholders.

- The aspect of legal sovereignty if continuously developed and socialized and understood consistently and is followed by a high commitment by all stakeholders, the administration of higher education will be better realized.
- The issue of accountability are also emphasized for higher education and university management, as set forth in the Government Regulation No. 4 of 2014, which states that the university management must have public accountability.
- In certain cases, private universities use the effectiveness approach in running the college programs.

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