

Good University Governance, Is It Necessary?

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ABSTRACT— *Good Corporate Governance (GCG) is one of an idea initiated to develop the quality of Higher Education in the future. Although GCG was originally applied to the implementation of corporate governance practices of public companies, but in the context of Economic Education, higher education can be regarded as one of the places for human resource investment. National Committee on Corporate Governance (KNKCG) in 2001 issued five basic principles of good corporate governance, including 1) Transparency; 2) Accountability; 3) Responsibility; 4) independency; and 5) Fairness. The most important principle that must be maintained in the application of good university governance is the awareness towards the goal of higher education as an educational institution. Therefore, it can be ascertained whether the university has implemented a good university governance by the extent to which universities are able to address the dynamics that occur in its implementation without betraying the noble values of education and adopting the mandate of the people, nations and countries that shelter them..*

Keywords— GCG, Good University Governance, higher educations

1. INTRODUCTION

In the Education World, especially Higher Education in Indonesia needs to straighten up in many aspects. Data Times Higher Education (THE) is The List of The Best Higher Education in the world 2016 shows that the position of Higher Education Indonesia is still low. In Asia, 19 Higher Education enter into the Big 200, of those 19 Higher Education, five are in Hongkong. The highest rank of Asia was achieved by National University of Singapore, which is ranked 24. In the long list THE, there are 2 Higher Education from Indonesia – University of Indonesia and Institute Technology Bandung – which is outside 800 of the world (www.bbc.com/indonesia). Although will not be used as the main criterion, but paying close attention to those figures cause serious concerned to the education quality, mainly in Indonesia. One of the issues raised in higher education reform is the important needs of a system that comprehensive and measurable. Then, it is important to give full autonomy for the Higher Education in developing their potencies in better ways.

Good Corporate Governance is one of the way out of this complicated education problems. This issue appears within the demand toward the quality improvement and to win global competition as well as the open information. This demand is not only addressed to government institution, but is also addressed to education institution. Muchlis R Luddin (20120) explained some strategies of education policy that have an objective is to win the market competition; (1) policies that direct to new commitments and understanding of education practices, education must be lead to develop and increase the public welfare; (2) Education policies must be focused on the increased awareness of quality in implementing education practices; (3) the involvement the qualified resources in education; and (4) the availability of infrastructures which are complete and up-to-date. Policies Strategy in organizing education proposed in current situation is providing more autonomy and processing good governance with more democratic ways to the Education Institution. This process is stated as convincing ways to give room for the academic freedom, which support independent education implementation, as well as research.

OECD and World Bank synonymized good governance with the implementation of solid and responsible developing management, UNDP defined good governance is a synergic and constructive relationship among the nations, private sector and societies. UNDP stated characteristics of good governance, as follows: : Participation, Rule of Law, Transparency, Responsiveness, Consensus Orientation, Equity, Effectiveness and Efficiency, Accountability, and Strategic Vision (LAN dan BPKP, 2000). World Bank defined Corporate Governance is “exercise of polical power to manage a nation's affair” (Davis & Keating, 2000). Then they added normative characteristic of good governance, such as: “... an efficient public service, an independent judicial system and legal framework to enforce contracts; the accountable administration of public funds; an independent public auditor, responsible to a representative legislature; respect for law and human rights at all levels of government; a pluralistic institutional structure; and free press”.

According to Indonesia Institute for Corporate Governance (ICG, 2001), good corporate governance is referred to : “The process and structured used to direct cteristic of go (stakeholders) (Cadbury, 1999). Those understanding is also meant that its mechanism supports company in enforcing law and regulation, explaining the relationship among company’s stakeholder. Concept of good corporate governance now days have been much discussed in the implementation of public company.

Education sector, especially Higher Education can be classified as one of public sectors. Since Education is commonly developed by both government and private sector, not for profit orientation, but for providing service to the society and infrastructures of higher education for developing the intellectual life of The Nation. Its primary motivation is providing higher education for Senior High School graduates who will continue their education to higher education.(Indrajit, 2006). The implementation of Good Corporate Governance in Higher Education will create good management and also reflect good working performance, furthermore can be responsible to the stakeholders (Warsoni, 2009)

The fundamental differences between business and education world is the Vision and Culture of the Organization. In education world, organization has clear vision and mission with high level of idealism, such as providing support in treating people as human being. Educational Culture consist of strong human values. This humanism process often free from vision for gaining profit as much as possible. Therefore application of modern management in business world should be adjusted with educational culture. Implementation of modern management in business world needs to be evaluated more deeply and prudent implementation. But it is acknowledged that modern management theories strengthen the importance of interaction in executing other educational activities (Tilaar, 2012).

2. GOOD GOVERNANCE IN HIGHER EDUCATION

The importance of good corporate governance implementation in Higher Education is often questioned in the future. Since as a concept, good corporate governance is considered to be able to bridge Higher Education to have a better quality by having an availability of the principles and its practices. In the other side, there are quite significant differences among education world, government world and company. The paradigm changes toward higher education with good governance is implemented along with the needs to adapt in the world changes. In this changes process, higher education remains focus on traditional mission in teaching, learning and research. Since today, society asks much more from universities in terms of their contribution. Thus, universities should switch from creating adaptation knowledge to produce generative knowledge, and to become learning organizations (Bratianu, 2011; Bratianu, 2014; Senge, 1999). That means for governance to become a strategic driving force of the university and a powerful integrator able to transform efficiently the potential intellectual capital into operational intellectual capital (Bratianu, 2014; Bratianu, 2015). Organizing a higher education institution can not be equated with organizing state nor company. There are certain corridors related to honor values, both academic and social values that should be maintained. Meanwhile, others in its implementation should be put as a means or tools to achieve those main objectives (www.unhas.ac.id/rhiza)

In simple ways, good university governance can be explained as an implementation of basic principles of “good governance” in the system and governance process in higher education institution. Its implementation is proceed by some adjustment based on values that must be highly respected in conducting education. Based on the aims of education development, academic knowledge and the whole human development. Tilaar (2012) stated that there are differences and similarities between higher education institution and business world. The similarities is on the efficiency and effectiveness. Both are willing to have a qualified output. While, the differences is on the vision and mission, where in higher education, the actor are professor, students and science/knowledge is as an object commodity.

In practice, the implementation of university governance is only applied in corporation model or with the collegium model if there is an authentic university autonomy like in the case of Oxford and Cambridge universities. Although there are connection between university governance and higher education rank system, but data described that world-class universities have been applied the model governance. Looking up in the Academic Ranking of the World Universities for 2015 released recently we find that in the top 100 universities 51 are from USA, 9 from UK, 4 from Canada, 4 from Australia, and 4 from Japan. That means 72 universities from countries where there is a corporate governance model (Bratianu and Pinzaru, 2015). Other research, Fielden (2008) also showed that the applied good university need to be supported by giving full autonomy to higher education

Considering from the side of educational economics, educational process is admitted as a human resource investment that will finally give big contribution to develop social and economic life. Therefore efficiency and competition are needed in teaching implementation. Educational process also makes sacrifices in term of cost that is directly related to components for getting a qualified education that can be achieved. Educational cost consists of routine and development financing (modal). Educational world recognize direct cost (school, students and or student’s family, for example additional cost for rooms, writing boards, clothes, transportation, books, stationeries, sport equipment et cetera)

and indirect cost (example opportunity cost). These cost are basis for consideration of the rising discourse of good university governance in running a higher education institution, as stated by Aristo A.D (2005). Since as a concept, educational economic is a kind of industry, then good governance concept is able and precise to be implemented in Higher Education. But in the implementation should be concerned on priorities of vision, mission and the objective of higher education.

3. IMPLEMENTATION OF GOOD UNIVERSITY GOVERNANCE

National Committee Policy of Corporate Governance (KNKCG) in 2001 released 5 basic principles of good corporate governance. These principles includes 1) Transparency, openness in decision making process and present material and relevant information, 2) Accountability, clarity in function, structure, system and responsibilities to have an effective organization management, 3) Responsibility, to organize good corporation's principle that suitable with the valid constitution rules and 5) Fairness, fair and equal treatment in fulfilling the Rights of stakeholders based on commitment and also legislation applicable. The essential good corporate governance is to increase performance institution through supervision and management accountabilities towards stakeholders based on framework of rules and regulation supply.

Fundamental principles of good governance is very relevant to be implemented in good university governance. Since basically the conducting of higher university institution must fulfill principles of participation, consensus orientation, accountabilities, transparencies, responsiveness, effectiveness and efficient, equity and inclusiveness and honor law enforcement. These managerial principles are implemented to support functions and the objective of higher education. Function in education, teaching and research reflects the roles of higher education in the society.

Principle of good governance that can be used as reference according to UU No. 9. In 2009 regard to a legal educational entity, which are following:

1. Autonomy, authority and capability in implementing activities independently in both academic and non- academic.
2. Accountability, is an ability and commitment to be responsible in all activities conducted by educational legal entity to stakeholders according to the applicable legislation.
3. Transparency, is the openness and ability to providing relevant and time accurate information according to applicable legislation and report standard to stakeholders.
4. Quality assurance, is systemic activities in servicing formal education that meet or beyond standard of National Education and also increasing the quality of sustainable education.
5. Service Excellence, is orientation and commitment to give the best formal educational service for satisfying students as primary stakeholders.
6. Equitable access, is giving formal education service to prospective and existing students, regardless religion, race, ethnic, gender, social and economy status.
7. Diversity, is sensitivity and accommodative attitude to differences of interest which is based on religion, race, ethnic and culture specificities.
8. Sustainability, is capability in providing formal educational service to students continuously with implementing management pattern that is capable in ensuring sustainable services.
9. Participation and state responsibility, is the involvement of stakeholders in conducting formal education to increase quality of intellectual life of Nation which is responsibility of the State.

Participants in implementing University Governance is representative of stakeholders, educators, non-academic auditors and educational management (Warsono,dkk 2009). To monitor the implementation of Good University Governance in Higher Education, a series of evaluation is needed. One of the model developed is rating model and can be a benchmark for evaluation Good University Governance. Those rating results are expected to be evaluation standard and can be inputs for improvement in higher education concerned. Rating Model which is developed by Gajah Mada University based on two perspectives, Governance University Principles and participants.

Research of Bratianu and Pinzaru (2015) explained that implementation of Good Governance in Higher Education is a strategic driven force that support the higher education's vision mission achievement. This research explained that there are some differences application of good governance in some countries. Good University governance in US and UK have been granted full autonomy to both academic and management and also the financing of the higher education institution as long as they can be justified. Therefore government influence is relatively weak and vice versa, the authority of executive manager and Board of higher education are very strong. While in Japan in 2004 the national universities have been granted full autonomy and had to implement new corporate governance models. The same implementation were also in Australia. In Europe, Oxford University and Cambridge University benefit by a long and powerful tradition in successful governance models. In the continental Europe, the new legislation introduced in Austria in 2002 granted full autonomy to universities, and new forms of governing bodies have been designed to approach the corporate model. Trends toward more autonomy and university governance models able to develop strategic thinking

manifested in Italy.

In Higher Education, awareness of demands to the implementation of good corporate governance actually should be developed, not only as an obligation but more for the needs. Since basically, the policy of good corporate governance in higher education is aimed to make every stakeholders organizes higher education with full understanding and run the all functions and roles according to authority and responsibility, so it can be a system that strengthen competitive advantage (alimuhi.staf.ipdn.a.id). Along with an increasingly tight competitive situation, higher education must do continuous effort to realize good university governance as an inherent system with the dynamic of higher education. Implementation of good corporate governance values in university can be internalized to be a culture.

The important principles must be held in implementing good university governance is that higher education organization can't be equated with the organize the country or corporation. Therefore what become the measure of an higher education have been implemented good university governance or not, is to which extent the higher education is able to response the dynamic happened without betraying the noble values and mandate carried from society, nation and country that shelter. Tilaar (2012) stated that in business world was known corporate culture, while in university world was known university culture. Viewing the differences, prudent attitude should be needed in adopting management principles according to educational institution. If adopted the management principles for granted from business world to be applied to educational world can cause loss and failure in achieving vision and mission of higher education. Otherwise if higher education closes itself from the positive principles of business world can cause inefficiency and ineffectiveness in organizing the investment in large size in knowledge based society in 21th century. Based on the analysis that higher education in the future must be able to compete in the future, both in the process or output and also the magnitude of demands for performance improvement of higher education, so good corporate governance can be applied in all aspects of all levels in the higher education institution. The implementation of good corporate governance can also be used as one of the drivers for achieving the higher education strategic aims.

4. CONCLUSION

Globalization and transparent demands and the openness put educations world in crucial situation, so many government that concern toward educational practices and strategy development to put education in frame of economy development. The objectives is to respond adequately of 1) the developing educational market competition 2) the developing demands of education world privatization 3) the rumble competitive individualism in educational practices and 4) the developing a strategy that put education in a locomotive economy development (Muchlis, 2012). Afterwards, this put education inti an industry (in view of educational economy).

This point of view will then generate demands of good university governance as applied in business world. It is just application of good governance in educational world needs prudence since there are fundamental philosophical differences between business world and educational world. .

5. REFERENCES

List and number all bibliographical references in 10-point Times New Roman, single-spaced, at the end of your paper. For example, [1] is for a journal paper, [2] is for a book and [3] is for a conference (symposium) paper.

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