

Conference Paper

Good University Governance Analysis Implementation on Private University in West Java, Indonesia

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STIE EKUITAS INDONESIA

Abstract

This research aims to understand Good University Governance implementation that includes transparency, accountability, responsibility, independency, and fairness in private universities in the Kopertis Region IV of West Java, which has an 'A'-accredited study program. The research method used was a descriptive analysis, which describes the variables studied such as transparency, accountability, responsibility, independency, and fairness by using a standard percentage. The research object in this study is Good University Governance within private universities in the Kopertis Region IV of West Java, with an 'A'-accredited study program in 2015. This research used a sample of five universities. The results of the study show that transparency at the universities and the composition of good university governance in the universities studied was first. Responsibility was in the category of very good (94%), transparency was in the second (82%), accountability was the third (81%), fairness was the fourth (79%) and the fifth was independency (69%). Overall, the qualities were in the good category with an average of 81%.

Keywords: Good University Governance, transparency, accountability, responsibility, independency, fairness

1. Introduction

The implementation of good governance at university is expected to increase the added value for all stakeholders. The expected long-term goal of good governance implementation in private universities is to not only enhance its role as a teaching university, but it can also allow for it to develop into a research university and subsequently, an entrepreneurial university. One of the indicators of an "A" accredited university is the implementation of good university governance. If the universities have been implementing good university governance, then most likely an "A" accreditation will be achieved. But in the present, the Kopertis Region IV of West Java only has a few "A" accreditation universities, so most likely the implementation of good university governance is still at a low level.

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Based on the background, it is interesting to examine the success rate of "A" accredited universities in relation to them applying good university governance. The results of the study will also be a motivating tool for universities for them to achieve better accreditation. Thus, the authors conducted a research study with the title of **"Good Corporate Governance Analysis Implementation in Private Universities in West Java, Indonesia"**.

The purpose of the research is to learn about the implementation of good university governance in "A" accredited private universities in the Kopertis Region IV of West Java. The results of the study are expected to be useful for the colleges studied, so that their weaknesses and strengths can be improved. As for the other universities that are not included in the study, especially "C" or "B" accredited universities, this study is expected to be an input in order to push them to get a better accreditation.

2. Literature Review

According to Monks (2003) in Kaihatu (2006), they state that good corporate governance is a system that regulates and controls companies, which creates added value for all of the stakeholders. According to him, there are some basic principles that must be considered in good corporate governance, which are (1) transparency, which is openness in executing the decision-making process and openness in expressing material and relevant information about the company; (2) accountability, which is clarity in the functions, structure, system, and accountability of the corporate organs so that the management of the company can be implemented effectively. Company management should be based on the distribution of power among the corporate managers who are responsible for day-to-day operations, and also the shareholders who are represented by the board of directors; (3) responsibility, i.e. the compliance of the management of the company with good corporate principles, laws and regulations; (4) independency, i.e. a situation in which a company is professionally managed without a conflict of interest, influence or pressure from the management which is not in accordance with the laws and regulations and good corporate principles and (5) fairness, namely fair and equitable treatment in fulfilling the rights of the stakeholders, which arises in the agreements and regulations.

According to Wijatno (2009) in Noviana (2012), there are five principles of Good University Governance (GUG), namely (1) transparency, (2) accountability, (3) responsibility, (4) independence, and (5) justice. These principles are required for higher education establishments to achieve sustainable performance while keeping their stakeholders in check.

Soaib (2009) in Magdalena (2012) states that university governance has become a pillar for universities in relation to achieving its vision and mission, with the aim of becoming an excellent educational institution in developing science, professionalism, research and community service. This is similar to the principles that apply in an organisation.

According to Sukirman and Mayalia (2012), in order to ensure the sustainability of the universities, managers must apply the concept of Good University Governance (GUG). This is so then the university will be guaranteed to grow and become sustainable. Muhi (2011) also said that management education is a public service, so it takes public accountability and good governance to form educational institutions. In this case, for private universities, this includes Kopertis and the Directorate of Higher Education (DIKTI).

The Higher Education Management Review Committee in Wijayanto (2009) argues that the recommended stakeholder amount for membership in a managing agency role in a university management institution is 5 - 10 people. In addition, according to HEMRC (1995) in Serian Wijayanto (2009), it was also stated that the quality of membership and the quality of the information available to them is far more important than the number of managing memberships.

3. Research Methodology

The objects of focus in this particular good university governance study are transparency, independence, accountability, responsibility, equity and fairness in private universities in the Kopertis Region IV of West Java, especially those with "A" accredited accounting programs offering the chance to study at bachelor's degree level.

The research method used was a descriptive analysis. The research population was all of the universities in the Kopertis Region IV of West Java which have an accredited "A" program. This study therefore consisted of 6 Universities, as of 2015.

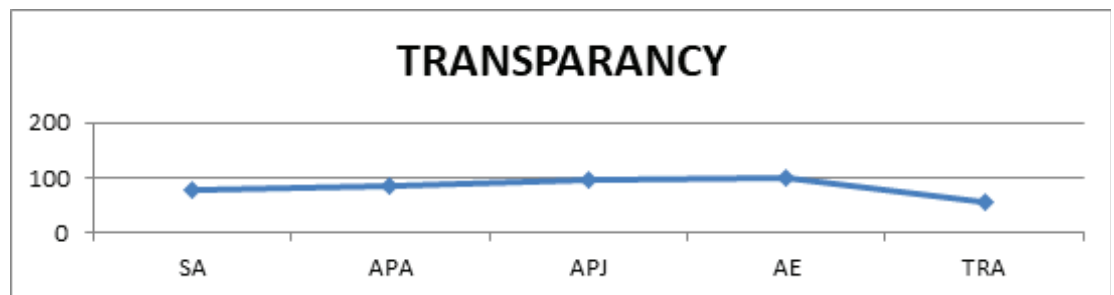


Figure 1: Source: Results of the questionnaires.

4. Results and Discussion

Transparency in universities has the highest value, which relates to the existence of e-complaints (the means of complaint being electronic) where 100% of the universities studied have implemented it. The existence of complaints made against all of the actors of good university governance makes them feel supervised, so they will be effective in going about their activities. It will also minimise wrong decisions or subjectivity because of the openness in decision-making. Material and relevant information is always based on the recommendations or opinion of the party who is the owner of authority and responsibility. This depends on what decision is being undertaken.

The second rank percentage is accountability, in relation to performance accountability and activity with a 96% score. This composition means that responsibility for performance accountability and accountability to do with any activities has been implemented as evidenced by every lecturer having the responsibility to teach, research and devote themselves to the community (university tridarma). Therefore, it is mandatory for the lecturers to make an accountability report of their performance. Each year, the lecturers should report their works according to the university tridarma, otherwise they get a warning. The lowest score of transparency was transparency in single tuition, which had a score of 56%. This implies that Indonesian universities are not open about their financial status because not all expenses are accessible to the public. It is important for universities to have the principle that the money that has been wired from the students in the form of payments and also from the government must be utilised for the students and in common facilities in accordance with regulations.

Figure 2 shows the clarity of the mission and the objectives of private universities that are in line with the mandate of the government (the community) and the organisers. The establishment permit of universities, the implementation of the study program and the achievement of the performance indicators which are presented in the strategic plan and the budget workplan has a 100% score, in the sense that all of

the universities looked at in this study have done very well. Relating to accountability (accountability), the universities studied already have a clear function and level of responsibility, so university management is effective in the sense that it has met the indicator of being a credible university.

The lowest score of accountability was in the annual academic report and the annual financial report, which was audited by a public accountant and announced to the public. This had a very small score (20%) compared to the others. This means that in Indonesia, even in private companies (other than public companies and SOEs), the companies rarely publish their financial statements to the public unless there is a specific purpose. Similarly, private universities have been doing this as well.



Figure 2

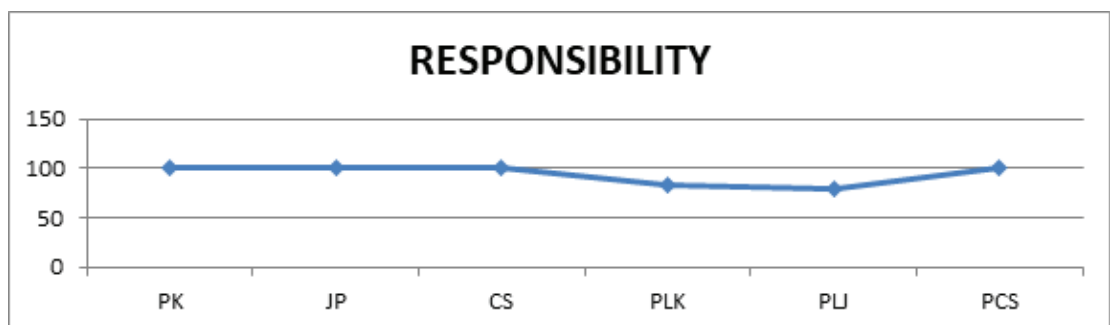


Figure 3

Responsibility (responsibility) is the suitability of university management to the applicable laws and regulations. It also relates to the principles of healthy university management. Based on the results in Figure 3 above, it is shown that the elaboration of the position, functions and tasks, responsibilities and the authority of each organisational unit is poured through statutes, the job description and the standards of procedure (SOP) which are clearly stated in the statute. The CSR scholarship grant to students was poured into the Statute as well. This condition got a 100% response, so this means that all of the universities under study have implemented it.

Good governance in terms of independence is shown in Figure 4. Independence is the professional management of universities without influence or pressure from any

party. This principle requires the university to be professionally managed without any conflict of interest and without the pressure or intervention of any party which is not in accordance with the applicable regulations.

Based on the results, independence entered the lowest category (69%) compared to the other good university governance components. Partially, the highest score of independency was the prevention of conflict of interest in everyday university practice, reaching a score of 84%. This result consisted of 4 respondents who said that there was a very good prevention of conflict of interest. 16 respondents said that their university executed good prevention of conflict of interest. The implementation of this conflict of interest started from the existence of SOP, which is supported by various rules and policies and is also supported by being listed in Statute (derivative of statute). Hence, anyone involved in the activity will behave equally without being influenced by factors or other parties in terms of decision-making.

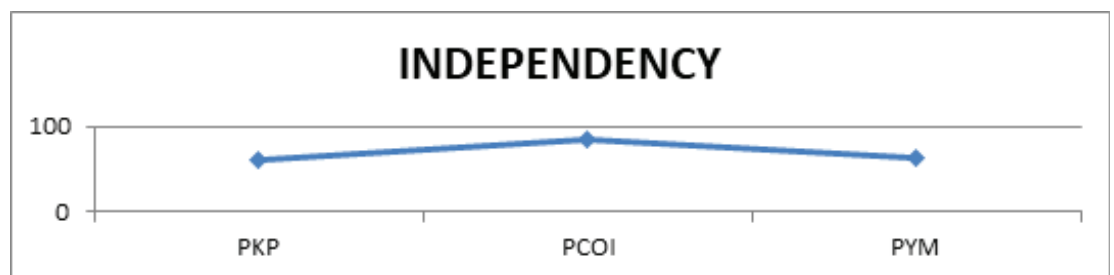


Figure 4

Fairness in a good governance in principle demands fair treatment when fulfilling the rights of the stakeholders in accordance with laws and regulations. It is expected that fairness can be a driving factor that can monitor and provide a guarantee of fair treatment among and involving the various interests of the company. In addition, this fairness is an important thing to be considered, because it involves people who work in the system or its governance. Based on the results of the research as presented in Figure 5, the fairness held by the university under study was entered into the good category (79%). The highest level of justice was applied in terms of the promotion of staff and officials based on their performance and track record, which reached 80% or about 16 respondents saying so. The appropriate application of the merit system (incentives and disincentives) in the management of employees gained 78%, where about 6 respondents respectively said that the application of the merit system was good and applied very fairly. There were still 8 respondents who said that it was only fair.

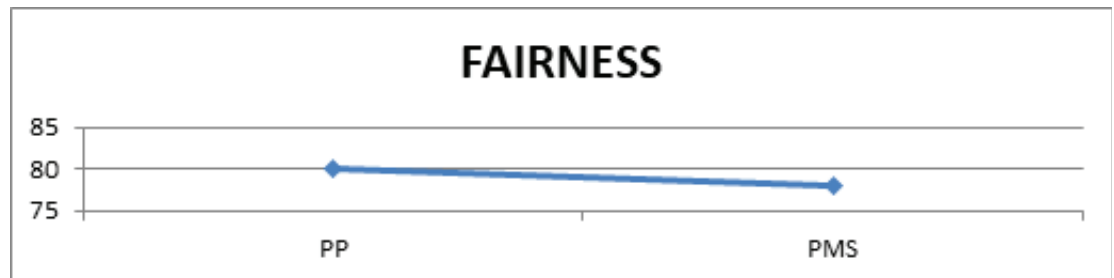


Figure 5

When examined as a whole, good university governance in the universities studied, working from the five indicators of transparency, accountability, responsibility, independency, and fairness, the highest composition that was generally implemented was that responsibility was very good (94%), the second rank was transparency (82%), the third was accountability (81%), the fourth rank was fairness (79%) and the fifth was independency (69%). Meanwhile, the university overall entered into the good category, with an average of 81%. This composition implies that the college academic senate have always controlled the Rector, the Dean and the internal auditors at the University in order to perform the external audit effectively and to carry out the performance accountability of each activity. They also have e-complaints, but only a single tuition has not gone effectively.

As a result of the implementation of the good governance that has been described, it also proves that the decision-making process will take place to produce optimal decisions, improve efficiency and to create a healthier working culture. Thus, it will have a very positive impact on the performance of the universities, especially in relation to their accreditation score. This is because the universities are constantly improving. In addition, the existence of Good University Governance will at least minimise the misuse of authority by parties, foundations, rectors, structural and other departments. This condition has an impact on efficiency, so then waste can be minimised.

From the financial side, with the implementation of university governance, it consistently will improve the quality of financial statements, and the students will increase the quality of their work because the lecturers and all stakeholders have improved their performance. So, they will collaborate better with each other. The output or number of graduate student quality will be better, so this will promote the addition of students. Automatically by this, the universities' finances will be better. In addition, management tends not to do any fabrication in relation to the accountability reports, because of the obligation to comply with the various rules and principles of accounting and the presentation of information in a transparent manner.

5. Conclusion

1. Transparency at the universities studied has the highest composition, which is the existence of e-complaints. This means that complaints or electronic complaints will minimise the wrong decision being made or objectivity.
2. Accountability entered into the good category, so the clarity of the mission and the objectives of private universities are in line with government mandates (community) and organisers. The existence of the university establishment permits a study program implementation and the achievement of a performance indicator which is presented in a strategic plan and budget.
3. Responsibility indicates that the elaboration of the position, functions, duties, responsibilities and authority of each organisational unit is poured through the Statute, job description and SOP is clear.
4. Independency in the prevention of conflict of interest is good, although there are some universities that still have yet to optimally implement it.
5. Fairness, as held by the universities studied, entered the good category. Fairness has the highest score in relation to staffing and officers based on their performance track record. The application of an appropriate system of incentives and disincentives in the management of employees was good or applied fairly.

6. Advice

1. It is recommended to optimise the implementation of transparency through e-complaints.
2. The description of the position, functions, duties, responsibilities and authority of each organisational unit is poured through the Statute. The job description and SOP is clearly stated, but it should be more optimised in its implementation in the universities.
3. For other Universities that have a "B" accreditation, this research result could be a source of motivation in order to increase accreditation to "A".

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