International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Readiness Evaluation of Being Legal Entity State University in terms of Asset Optimalization (A Lesson from Universitas Negeri Surabaya)

Nuri Susilawati[1*], Tri Diana Sari[2], Teguh Wahyudi[3], Masita Nur Hayati[4]

[1,2,3,4] Budget Analyst, Planning and Budgeting Directorate, Universitas Negeri Surabaya Indonesia

Corresponding Author: nurisusilawati@unesa.ac.id

Abstract

Asset management is an important factor in the process of being financially independence. Physical infrastructure is needed to create income both from academics as well as non-academics activities. Using unstructured qualitative research, this study collect data from university financial report to describe how effective is the university in using its assets. The results successfully disclose that the use of assets has already create income beyond targeted. Even though some years seems not achieved due to pandemic. This implies that the university at its best effort to optimize its assets. Based on in-depth interview, it is discovered that the assets is well-managed in terms of administrative works, but there is an ample room to improve that is integrating important issues for stakeholders into asset strategic plan. Thus all assets used may not only use at optimum capacity but also creating value for stakeholders. The idea of green business and digital business may help management to create competitive advantage. In general, UNESA is ready to change its status from Public Service Agencies into Legal Entity State University. But, to be sustain in long term, UNESA need to consider stakeholder perspectives into its strategic plan.

Keywords: Public Service Agencies; Readiness; Legal Entity State University; Assets Management

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

INTRODUCTION

The country's large assets have driven growth to more than 5%. Some of these assets are assets under the Ministry of Education, Culture, Research and Technology including universities. Therefore, the government is targeting all state universities to become state universities with legal entities by 2024 as mandated in Law Number 12 of 2012 concerning Higher Education. Research in Indonesia has shown how to optimize regional government assets and the challenges faced in regional asset management (Ibrahim & Ridwan, 2020; Labasido & Darwanis, 2019; Suharsih et al., 2021). However, there is still little literature that examines how government-owned universities use assets to improve their performance as public service bodies (Setiyono et al., 2018) especially state universities with legal entity status. In fact, this status demands that institutions immediately shift their paradigm from depending on government assistance to being independent and even business-oriented (Boedhiantari & Wessiani, 2018).

Previous studies have found that physical assets such as libraries (Sheeja et al., 2013) and laboratories (Salamun et al., 2019) are important for universities. Considering the importance of tangible assets for a higher education institution, asset management is the key to the success of higher education in creating financial performance in the form of income originating from various types and sources. Therefore, this research raises the theme of asset management at Surabaya State University (also called UNESA) by investigating how the university is ready to become a legal entity in terms of asset optimization aspects. By changing UNESA's status to become a state university as a legal entity, it is hoped that UNESA will also have financial independence which will make it easier to accelerate the realization of its vision, mission and goals, so that it can have a positive impact on achieving national education goals.

Objectives

This article intends

1. To describe assets management in university
2. To recognize the role of assets management to generate income
3. To analyze the university independencies as well as readiness to become legal entity measured in terms of income generating

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

DISCUSSION

To answer the research questions, we used a qualitative approach where primary data is the main data collected through interviews with 3 informants from UNESA, namely the Director General and Assets, the Director of Planning and Budgeting and the Head of the Asset Management Section. Using open question techniques gives researchers the freedom to explore responses through research instruments. In several interviews, documents were needed to support the informant's responses, namely university financial reports and asset management manuals. Interview transcripts were then coded and categorized to obtain interpretations and conclusions. The discussion section is explored below.

Describe assets management in university

Effective assets management consist of procedures such as identification, categorization, and evaluation of various organization assets, including physical infrastructure, intellectual property, and human capital. But this study limit discussion only in physical infrastructure because there is no explicit disclosure in university financial report. Since university as higher-education institutional vision is to deliver knowledge and increasing human resource quality through education, physical infrastructure is most important in providing comfortable as well as safety teaching-learning process. Universitas Negeri Surabaya locate in four locations in Surabaya and one in Magetan Indonesia. All campuses locate in safe places and appropriate security system so that safety is not questionable. This implies convincingly that all infrastructures are managed well in terms of theft cases. The asset is managed under vice rector for general and assets affairs so that all assets managed can be ensured to be key assets needed by the main work units in carrying out business processes, especially learning processes including digital learning. Figure 1 is about lists of some important infrastructure for world class university (WCU). This means that when university vision is become WCU or willing to develop competitive advantage, than this infrastructure should be fulfilled.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

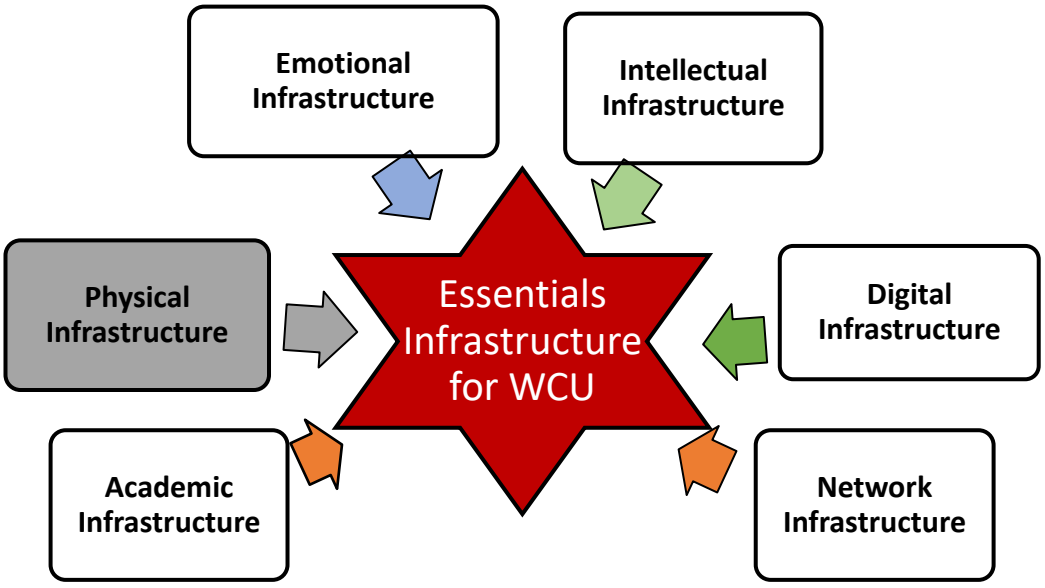


Figure 1: Essentials Infrastructure for World Class University (WCU)

However, changes in the demands of students as direct customers, the community and entrepreneurs as indirect customers show that their current needs are more than just conventional physical assets, such as location, land, land connectivity, landscaping, places for students to eat, classrooms, counseling. rooms, faculty rooms, meeting rooms, laboratories, studios, gymnastics, theaters, cafeterias, games & sports facilities, auditoriums, libraries/digital resource centers, digital printing centers, hostels, residents, shops, hospitals, student recreation facilities, international student center, research park, etc. But apart from everything mentioned above are supporting industries, attractive & environmentally friendly buildings, structure & design of each building, lots of parking facilities, roads with pedestrian & bicycle paths, entrance & counseling areas (Aithal and Aithal, 2019).

In order to provide good service to all stakeholders, the university must consider (1) minimum requirement of basic facilities for higher education as stated in Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 3 of 2020 concerning National Higher Education Standards, and (2) fair level to satisfy the stakeholders and differentiate to gain competitive advantage. Based on interview with the head division of assets management uncovered that UNESA already exceed the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

minimum requirement as stated in National Higher Education Standards evidence by Excellence National Accreditation or “A” grade.

However, because universities are also targeted to become WCUs, exceeding national accreditation requirements alone is not enough. Of the 81 study programs, only 32 study programs have passed international accreditation or 39% are accredited by AQAS, FIBAA and ASIIN. This means that universities must reevaluate the assets needed to meet international stakeholder requirements. Universities also need to include international issues related to the SDG agenda. By taking the SDGs agenda, all infrastructure, especially physical infrastructure, needs to be adjusted to the main SDGs issues in the university's strategic plan. For example, providing supporting industrial facilities, attractive & green buildings, structure & design of each building, lots of parking facilities, roads with pedestrian & bicycle paths, entrance & counseling areas (Aithal & Aithal, 2019). An interview with the head of the asset management division revealed that global ideas such as SDGs are being considered by the university, but due to the transition from the Public Service Agency to a state-owned university, the rector's board is still focused on university governance and generating income by renting several commercial assets such as buildings meetings, classrooms, meeting rooms, equipment and supplies, and other buildings.

While some institutions have indeed made the SDGs the basis for future strategic action, many universities reflect a more symbolic style of adaptation characterized by highlighting the SDGs as important but without detailing more concretely how the institution will take action as a result (Stensaker & Hermansen, 2023). This situation also happened in UNESA. What is surprising is how the SDGs seem to have awakened a new sense of organizational responsibility in universities in Indonesia. While this sense of responsibility is not unique to a global context, it does point to many different implications that can be identified as universities have transformed into more normal organizations. By considering this, this research tries to reveal what university should do in the future regarding its assets to increase its financial independence in the final part of this paper.

The role of assets management to generate income

In the field of organizational management, effective resource management is very important for every company or institution to realize its goals. According to the informant, this principle is also applied to UNESA, where assets are a variety of resources available to be utilized by university, with the aim of improving the quality and progress.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Eventhough, the definition of university assets includes not only tangible components such as buildings and equipment but also intangible elements such as intellectual property and human resources. This statement is in line with (Hentschke, 2021). The informant explains that the importance of assets in the university environment cannot be overstated, as these assets play a vital role in the overall development of the institution. This contribution is clearly visible in the substantial improvement in the quality of education, research progress, and the enrichment of various activities within the university environment (Musa & Ahmad Baharum, 2012; Wang, 2022).

The functionality of infrastructure facilities holds paramount importance for both the performance and well-being of users. Achieving efficient operation and management of these facilities necessitates collaboration and knowledge sharing among stakeholders (Abisuga et al., 2017). The informant also holds the same view that this collaborative approach ensures whether the physical assets, such as classrooms, laboratories, and residential facilities, are not only well-maintained but also optimally utilized to support the diverse needs of the university community. In the pursuit of financial stability, universities must also consider the need for adequate education funds (Liao, 2021). Proper management of resources, including funds and assets allocated to education, is integral to maintaining an institution's operations and mission. Therefore, an effective asset management strategy, which includes both physical and financial aspects, is essential for a university to grow and meet its educational goals and ultimately increase the number of enrolled students, the number of partnerships, and other types of relationships that generate revenue.

Asset management in higher education has an impact on generating higher education income. There are several actions that contribute significantly to university revenues. According to informants, the university has tried to monetize its physical assets, revenues from sports, food, and retail services, as well as involvement in real estate development projects. This strategic initiative is important because it not only diversifies income sources but also leverages existing assets thereby encouraging financial sustainability (Wang, 2022). Furthermore, the importance of strategic ownership and management of physical assets, confirms that this approach can increase a university's competitive advantage. This competitive advantage not only attracts students, faculty, and partnerships but also serves as an important factor in strengthening the institution's financial position (Istikhoroh & Ardhiani, 2022).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

An additional dimension of asset management lies in its role in ensuring the efficient utilization of resources, leading to cost savings and income generation for the institution (Wang, 2022). Properly managed assets, contribute not only to the operational effectiveness of the university but also to its overall financial health. Management of assets by higher education institute emerges as a multifaceted strategy that not only enhances the competitive position of the institution but also serves as a key driver for income generation and financial sustainability in higher education (Istikhoroh & Ardhiani, 2022; Wang, 2022).

Analysis of the university independencies as well as readiness to become legal entity measured in terms of income generating

UNESA, as a university, seeks to have financial independence through several sources of income. UNESA's income is the result of the use of assets for educational and non-educational services. Financial independence refers to the ability of higher education institutions to manage financial resources without relying on funds from external parties, especially the government. The higher the proportion of non-government income received, the better the level of independence of a legal entity university. Sources of income that UNESA can optimize come from: 1) education income; 2) income from services providing goods and other services; 3) grant income; 4) income from collaboration; 5) banking service income; 6) rental income; and 7) other income. Every year there is a non-goverment revenue target that UNESA needs to achieve. In 2018 to 2022, target achievement and realization can be seen in the following table.

Table 1: UNESA Source of Income Target Compare to Realization

No	Source	Target Compare to Realization (%)				
		2018	2019	2020	2021	2022
1	Education Income	110%	116%	93%	101%	120%
2	Service Providing Products and Other	127%	22%	40%	56%	56%

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

	Services Income					
3	Grant Income	-	-	-	-	-
4	Collaboration Income	30%	63%	209%	221%	26%
5	Banking Service Income	110%	50%	39%	77%	37%
6	Rental Income	-	-	-	81%	83%
7	Other Income	-	-	-	-	198%

The table above shows the percentage of UNESA's revenue realization for 2018-2022. It is interesting to see that some revenue targets have been achieved and others have not been achieved. According to the Director of Assets and Finance, UNESA can almost always achieve its income target which comes from education income. Only in 2020, it could not be achieved, this is understandable as the impact of the pandemic that occurred that year, the UNESA education income target was not achieved by 7%. According to the Director of Planning and Budgeting, the decline in the economic capacity of students' parents/guardians has caused many students to apply for relaxation, either in the form of reducing the tuition fee payment group or also delaying payments.

Income from the provision of goods and other services shows an interesting thing, where only in 2018 the target was achieved. However, from 2019 to 2022, this target was again not achieved, even though every year there was an increase in target achievement. According to the Director of Assets and Finance, this is because many tenants have canceled their rental proposals because conditions make it impossible to carry out activities involving many people during the Covid-19 pandemic. This phenomenon also occurs in university's Banking Services revenue source, where it was only in 2018 that the target was achieved. Judging from the sources of income generated from this collaboration, it can be seen that the target was only achieved in 2020 and 2021. An increase in target achievement was seen in 2018-2019, and in 2020 the target was not achieved. According to the head of the asset management section, collaboration activities

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

have drastically reduced because most agencies/institutions are still focused on dealing with the impact of the COVID-19 pandemic, resulting in the achievement of the Collaboration target in 2019 not being achieved.

As mentioned in the previous section, effective asset management involves a comprehensive process that encompasses the identification, categorization, and evaluation of various assets, including physical infrastructure, intellectual property, and human capital (Hentschke, 2021). It is imperative for a university to implement asset management practices, which include recording, data collection, reporting, and documentation over a specified period. Ensuring proper asset management is critical as it directly influences the availability and efficient utilization of resources within the university (Meikhati & Wahyuningsih, 2022). This means that the size of the assets owned cannot determine the financial performance of a university if it does not have good asset management.

To become more independent, universities as multifaceted institutions derive income from various sources, including tuition fees, research grants, donations, endowments, and collaborations with industry and business (Erdi & Philip, 2022; Lin et al., 2015). This financial diversity fosters independence, reducing dependence on government funding (Nasution & Tambunan, 2021). Financial independence, in turn, serves as a catalyst for innovation and entrepreneurship within the university community, contributing to economic growth and societal impact (Siswanto et al., 2013). However, income generation, while beneficial, can have both positive and negative impacts. On the one hand, this empowers universities by providing financial autonomy; on the other hand, there is a risk of shifting focus from the core mission of providing quality education (Erdi & Philip, 2022). Striking a balance is important to ensure that financial efforts align with educational goals.

Financial independence affords universities greater control over their research agenda and priorities, allowing them to focus on long-term fundamental research and strategic areas aligned with national development goals (Lin et al., 2015). This control over research direction enhances the institution's ability to contribute meaningfully to societal progress and innovation. The readiness of a university to transform into a legal entity university represents a strategic move (Irianto et al., 2022). This transformation, coupled with the application of good governance, plays a pivotal role in improving the quality of education. Good governance in universities, particularly after their transformation into legal entities, successfully enhanced the quality of education. This

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

underscores the symbiotic relationship between financial independency and readiness to become legal entity university, highlighting their impact on the trajectory and quality of universities in the evolving landscape of higher education (Irianto et al., 2022).

CONCLUSION

We started the discussion by positioning university assets as important for the university's business operations, but at the end of the discussion we provided an understanding that assets must be managed well to ensure their best use. Apart from making the best use of it, universities cannot ignore that there are at least six types of important infrastructure for WCU, such as Aithal and Aithal (2019). This means that discussing physical assets cannot answer the research questions comprehensively, but needs to be related to these six items. This study clearly illustrates that UNESA already has adequate asset management from an administrative perspective. However, due to increasing stakeholder demands, such as SDGs and digital issues, good management and asset size are not enough to meet their needs. By making SDGs a new global agenda, universities adapt SDGs in their strategic plans thereby creating competitive advantages. However, implementation must be done seriously, don't just pretend, otherwise universities will become ordinary, universities will not gain a competitive advantage from implementing the SDGs. In addition to the SDGs, our research also contributes to the possible limits of digitalization and how these ideas should be translated into strategic plans, especially asset management. Asset utilization cannot be separated from the university's core business, namely academics. This implies that optimization is not about using assets at maximum value, but rather how best to balance assets and core competencies to create financial and value.

This research provides in-depth recommendations that effective and efficient use of assets must start from an effective strategic plan. Where the strategic plan must include potential market demand. For future researchers, discussing assets must place all elements in one basket, not just discussing one apart.

REFERENCES

Abisuga, O., Kamardeen, I., & Wang, C. (2017). Improving Buildings Facility Intelligence in Higher Education Precinct: A SocioBIM Approach. Australasian Universities Building Education Association Conference (AUBEA), EPiC Series in Education Science, 1, 101–109.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Aithal, P. S., & Aithal, S. (2019). Transforming Society by Creating Innovators through Skill & Research Focussed Education - A Case Study of Srinivas University. International Journal of Applied Engineering and Management, 3(1), 17–37. https://doi.org/10.5281/Citation

Boedhiantari, I. S., & Wessiani, N. A. (2018). Perancangan Model Organization Capital Readiness pada Institut Teknologi Sepuluh Nopember, Surabaya. Jurnal Teknik ITS , 7(1), 2337–3520.

Erdi, A., & Philip, C. (2022). What is Independent From the Independent Campus ? Jurnal Pendidikan Amarta, 1(1). https://scholar.google.co.id/scholar?start=50&q=kampus+merdeka&hl=id&as_sdt=0,5

Hentschke, G. C. (2021). Monetizing and Growing the Assets of Higher Education Institutions. Nternational Experience in Developing the Financial Resources of Universities, 17–35.

Ibrahim, F., & Ridwan, R. (2020). Optimalisasi Pemanfaatan Aset Tanah dan Bangunan Milik Pemerintah Kota Banda Aceh. Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA), 5(4), 571–577.

Irianto, G., Shaleh, K., & Rajafi, L. R. (2022). State universities' legal entities toward good governance and public trust. In Urbanizing the Regional Sector to Strengthen Economy and Business to Recover from Recession (pp. 71–77). Routledge. https://doi.org/10.1201/9781003303336-8

Istikhoroh, S., & Ardhiani, M. R. (2022). Creating A Competitive Advantage For Universities Through Knowledge-Based Strategic Assets Management. KnE Social Sciences. https://doi.org/10.18502/kss.v7i19.12443

Labasido, E. R., & Darwanis, D. (2019). Analisis Pengelolaan Aset Tetap Daerah Pada Dinas Pengelolaan Keuangan Aset Daerah (DPKAD) Provinsi Aceh. Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA), 4(2), 1.

Liao, X. (2021). Asset management mode of higher vocational colleges based on big data technology. ACM International Conference Proceeding Series, 29–33. https://doi.org/10.1145/3456887.3456894

Lin, H., Wang, L., Sun, Q., Tian, Y., Zhao, C., & Shao, C. (2015). The Problems and Strategies in Improving the Universities' Independent Innovative Abilities. Nternational Conference on Education, Management and Information Technology, 530–534.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Meikhati, E., & Wahyuningsih, R. (2022). Fixed Asset Management: The Impact on Fixed Assets Internal Control In Institutions Of Higher Education (Case Study: Universitas Duta Bangsa Surakarta). Proceeding of International Conference on Science, Health, And Technology, 193–200.

Musa, M. F., & Ahmad Baharum, Z. (2012). Higher Education Physical Assets and Facilities. Procedia - Social and Behavioral Sciences, 50, 472–478. https://doi.org/10.1016/j.sbspro.2012.08.051

Nasution, N. B., & Tambunan, H. P. (2021). Analysis of Higher Education Readiness in Implementing Independent Curriculum-Independent Campus for Entrepreneurship Program. International Conference on Strategic Issues of Economics, Business and, Education (ICoSIEBE 2020), 312–316.

Salamun, S., Gianto, G., & Elvitaria, L. (2019). Sistem Monitoring Kondisi Asset Berbasis Android. Journal of Technopreneurship and Information System, 2(3), 99–107.

Setiyono, N., Nurdin, D., & Kasim, Muh. Y. (2018). Analisis Kinerja Barang Milik Negara Berupa Aset Tanah Dan Bangunan Pada Badan Layanan Umum Universitas Tadulako. Katalogis, 6(1), 75–86.

Sheeja, N. K., Susan, M. K., Sreerekha, S. P., & Surendran, C. (2013). Collection and Assets Management: One University Library's Journey to the Future. 9th International CALIBER, 95–101. http://cusatopac.cusat.ac.in

Siswanto, E., . D., K.H., A. S., & Idrus, M. S. (2013). Good University Income Generating Governance in Indonesia: Agency Theory Perspective. International Journal of Learning and Development, 3(1), 67. https://doi.org/10.5296/ijld.v3i1.3134

Stensaker, B., & Hermansen, H. (2023). Global, Nordic, or institutional visions? An investigation into how Nordic universities are adapting to the SDGs. Higher Education. https://doi.org/10.1007/s10734-023-01047-3

Suharsih, S., Nama, I. K., & Astuti, R. D. (2021). Determinants of Asset Utilization of Yogyakarta Special Region Government. Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi Dan Pembangunan, 22(1), 34–41. https://doi.org/10.23917/jep.v22i1.12704

Wang, H. (2022). Exploration on the Organic Integration of Asset Management and Budget Management in Colleges and Universities. International Journal of New Developments in Engineering and Society, 6(1), 51–62. https://doi.org/10.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.