

Developing Adaptive and Innovative University Governance with Blue Ocean Strategy

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ABSTRACT

University governance is a strategic aspect in ensuring institutional quality amidst the dynamics of globalization, digitalization, and competition among educational institutions. However, traditional and bureaucratic governance models often fail to respond quickly and innovatively to changes. This article aims to examine the potential application of Blue Ocean Strategy (BOS) in developing adaptive and innovative university governance. A literature review approach is used by analyzing various scientific sources related to BOS, principles of good governance, and the challenges of higher education governance in Indonesia. Through the ERRC framework (Eliminate, Reduce, Raise, Create), this article proposes a governance development model that abandons outdated practices, simplifies processes, increases transparency, and creates new values in leadership and decision-making. The study results indicate that BOS can be an effective alternative strategy to redesign university governance systems to be more responsive, efficient, and oriented toward sustainable innovation.

INTRODUCTION

Higher education governance in Indonesia faces increasingly complex internal and external challenges. The demand for high-quality and globally competitive universities that can meet labor market requirements continues to rise, driving universities to constantly improve themselves. High standards for national and international accreditation bring both positive and negative impacts, as institutions often get caught up in rigid administrative affairs. It is undeniable that bureaucratic, slow, and less adaptive governance remains a fundamental problem in many Indonesian universities. This hinders innovation, strategic collaboration, and institutions' ability to quickly respond to technological dynamics and labor market needs. In this context, the need for an adaptive and innovative governance system becomes critical. Universities are required not only to perform academic functions administratively but also to be agile, visionary institutions capable of creating new value amid increasingly fierce competition. A managerial approach is needed that goes beyond competing in the "red ocean" full of competitors and conventions, instead creating unique, different, and valuable strategic spaces. One relevant approach to address this challenge is the Blue Ocean Strategy (BOS). BOS emphasizes value innovation by abandoning old competition patterns and creating new, untapped market spaces. In the context of university governance, this approach can be used to design leadership systems, decision-making, and institutional services that are more efficient, flexible, and collaboration-based. The application of BOS principles, such as the ERRC framework (Eliminate, Reduce, Raise, Create), can guide the redesign of governance processes and structures that have been stagnant. Based on this background, this article aims to examine the potential application of Blue Ocean Strategy in developing adaptive and innovative university governance. This study is expected to provide conceptual and practical contributions to the transformation of higher education management towards superior, responsive, and sustainable institutions in the era of disruption and capable of meeting global challenges.

LITERATURE REVIEW

Blue Ocean Strategy

W. Chan Kim and Renée Mauborgne are the main figures who developed the concept of Blue Ocean Strategy (BOS) (Suhendi, 2022). W. Chan Kim was born in South Korea in 1957, while Renée Mauborgne is from France, born in the 1960s. Kim and Mauborgne introduced the innovative idea of avoiding intense competition in saturated markets (red ocean) and creating new market spaces untouched by competitors (blue ocean). BOS gained widespread recognition and implementation primarily in the business and corporate world. This strategy has been used by various companies across manufacturing, services, technology, and start-ups to open new market opportunities, reduce costs, and create greater value for customers without directly competing with rivals. The BOS concept is considered revolutionary because it emphasizes innovation and value creation as the key to successful business strategies. Blue Ocean Strategy emphasizes creating new market spaces (blue ocean) through value innovation, rather than competing in existing crowded markets (red ocean) filled with intense rivalry.

BOS focuses on delivering value to consumers while improving internal efficiency. BOS is known for the ERRC Grid framework (Eliminate, Reduce, Raise, Create), a tool for analyzing and redesigning more innovative and efficient strategies. In the context of nonprofit organizations such as universities, BOS can be applied to redesign managerial processes and services to be more adaptive, proactive, and innovative without getting trapped in conventional competition between institutions.

Basic Concepts of BOS (Value Innovation, Red vs. Blue Ocean)

In the higher education market, the red ocean reflects a situation where universities compete conventionally, for example through the number of study programs, massive promotions, or tuition fee wars without truly creating unique advantages. Conversely, the blue ocean emphasizes value innovation creating something genuinely new and highly valuable for users (students, lecturers, stakeholders) while also optimizing costs or internal processes.

In education, value innovation could mean:

- Launching new study programs or services that address unmet market needs.
- Creating more flexible and cost-effective hybrid learning systems.
- Simplifying academic bureaucracy to improve student experience.

The goal is not to win existing competition but to create a new arena where institutions can grow without directly competing with others.

BOS Analysis (ERRC Grid, Strategy Canvas)

To systematically apply BOS, two main tools are used: ERRC Grid: ERRC stands for Eliminate, Reduce, Raise, Create. This tool is used to analyze and redesign elements of services or processes to be more innovative and efficient. These four components are addressed through strategic questions. ERRC helps institutions focus on creating value, not just efficiency.

Tabel 1. ERRC Analysis in Educational Organization Management

ERRC	Actions
Eliminate: What should be eliminated?	<ol style="list-style-type: none"> 1. Layered bureaucratic procedures in decision-making. 2. Rigid and hierarchical organizational structure. 3. Performance evaluation systems not based on output and outcome. 4. Inefficient bureaucratic procedures. 5. Overly centralized decision-making. 6. Managerial practices based on seniority rather than competence. 7. Leadership without academic and managerial competence. 8. Policies that hinder publication and research collaboration.

<p>Reduce: What should be reduced?</p>	<ol style="list-style-type: none"> 1. Dependence on 100% face-to-face teaching models. 2. Use of resources for administrative activities that do not directly impact academic quality and tridharma development. 3. Inefficient duration of meetings or internal forums. 4. Dependence on manual/non-digital systems. 5. Overlapping organizational structures. 6. Excessive focus on administrative formalities. 7. Empty formalities (meetings without substance, reporting without real evaluation).
<p>Raise: What should be raised?</p>	<ol style="list-style-type: none"> 1. Transparency in budget allocation and decision-making. 2. Quality of student services (academic, career, psychological, digital). 3. Stakeholder involvement (alumni, industry, graduate users) in policy formulation. 4. Transparency in policy and financial processes. 5. Participation of academic community in decision-making. 6. Ability to adapt to new regulations and technology
<p>Create: What should be created?</p>	<ol style="list-style-type: none"> 1. Real-time data-based digital governance system (performance dashboards). 2. Adaptive learning models and micro-credentials. 3. Institutional management innovation unit to promote continuous improvement. 4. Incentive schemes based on performance and innovation. 5. IT-based governance systems (e-governance). 6. Collaborative and agile leadership.

	7. Culture of innovation and continuous evaluation in internal management.
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Strategy Canvas

Strategy Canvas is a visual tool that maps an organization’s strategic position compared to its competitors. It illustrates the key factors in the industry and how the organization invests in each of these factors. In the context of Higher Education Institutions, the Strategy Canvas can be mapped as follows:

Tabel 2. Strategy Canvas in Educational Organizations

Strategic Factor	Example Questions Addressed
Tuition Fees	Are the tuition fees aligned with the value provided to students?
Academic Added Value	Are graduates equipped with relevant 21st-century skills?
Number of Study Programs	Does the number of study programs correspond with quality and market needs?
Faculty Engagement	Do faculty members only teach, or also mentor, research, and innovate?
Student Services	To what extent do services (career, psychological, digital, etc.) support student success?
Digitalization and Innovation	Does the institution integrate technology into governance and learning?

By visualizing this position, management can identify areas that need improvement, change, or elimination. By applying the principles of BOS and using tools like the ERRC Grid and Strategy Canvas, universities can break free from limiting conventional competition and begin designing governance models and services that are more innovative, efficient, and future-oriented.

University Governance

Governance in higher education refers to how an institution designs, manages, and oversees the implementation of its academic and administrative functions to achieve organizational goals. The core principles of good governance include transparency, accountability, participation, effectiveness, efficiency, and decentralized authority. In practice, many universities in Indonesia still face issues such as layered bureaucracy, slow decision-making, lack of innovation, and weak evaluation and transparency systems. These challenges hinder university governance from being responsive to external changes (Suharsaputra, 2013), such as digitalization, labor market transformation, and demands for international accreditation.

Concepts and Principles of Good Governance

University governance is the mechanism and process used to design, manage, and oversee the execution of all academic and administrative functions within a higher education institution. Its goal is to ensure that the institution can achieve its vision, mission, and targets effectively and efficiently. In this context, the application of good governance principles is crucial.

Tabel 3. Principles of Good Governance in Organizations

Principle of Good Governance	Explanation
Transparency	Every decision-making process and policy implementation must be open and easily accessible to all relevant parties, thus avoiding fraud and ambiguity.
Accountability	Every stakeholder is responsible for their duties and decisions, both to the institution, students, and the wider community.
Participation	Involving various parties in the decision-making process, including lecturers, students, administrative staff, and external stakeholders, so that the resulting policies are more inclusive and representative.
Effectiveness and Efficiency	The management of resources (human, financial, technological) must be carried out in such a way that the institution's goals are achieved optimally without waste
Decentralized Authority	Granting autonomy to internal units within the university to make appropriate and timely decisions, according to their needs and local context

Common Issues in Higher Education Governance in Indonesia

Although the principles of good governance are widely recognized, many higher education institutions in Indonesia still face various challenges in their implementation, including:

- Layered Bureaucracy: Complex and hierarchical organizational structures often slow down decision-making and hinder innovation.
- Slow Decision-Making: Complicated processes and dependency on central authority make it difficult for universities to respond quickly to changes.
- Lack of Innovation: Rigid systems and lack of incentives obstruct creativity and the development of new learning or management methods.

- **Weak Evaluation and Transparency Systems:** The absence of objective evaluation mechanisms and lack of information transparency result in low accountability and an increased risk of misconduct.

These issues make university governance less responsive to external dynamics such as digital technology advancements, shifting labor market demands, and increasingly strict national and international accreditation standards. This situation calls for governance reform and the adoption of adaptive and innovative strategies to ensure universities remain relevant and competitive.

METHODOLOGY

This study employs a narrative literature review approach as the primary method to explore, analyze, and synthesize relevant information regarding the application of Blue Ocean Strategy (BOS) in higher education governance. This approach was chosen for its ability to provide a comprehensive understanding of the concepts, challenges, and transformational potential of higher education governance based on scholarly sources and current policies. The literature was purposively selected to reflect the context, practices, and relevance of BOS implementation in the higher education sector. To analyze the collected data, thematic synthesis was used a qualitative analysis method that organizes information based on key themes emerging from the literature. These themes include: current governance challenges in higher education, core principles of BOS, BOS analytical tools such as the ERRC Grid and Strategy Canvas, and the potential for innovation in governance systems.

RESEARCH RESULT AND DISCUSSION

Analysis of Higher Education Governance Conditions

Despite ongoing regulatory and structural reforms, higher education governance in Indonesia still faces several fundamental challenges that hinder the creation of adaptive, innovative, and highly competitive institutions. In today's era of disruption and global complexity, universities are expected not only to maintain academic continuity but also to undergo strategic transformation. One of the major challenges is designing governance that is adaptive, innovative, and responsive to external dynamics such as digitalization, policy changes, and the ever-evolving labor market needs. This is where the Blue Ocean Strategy (BOS) becomes highly relevant and potentially applicable. Developed by W. Chan Kim and Renée Mauborgne, BOS emphasizes creating untapped market space rather than competing in an overcrowded, existing market (Nur Rohmah et al., 2024). In the context of higher education governance, BOS is not merely about inter-campus competition, but about how institutions can create value innovation enhancing value for students, faculty, and society through more efficient, transparent, and solution-oriented management systems.

By integrating BOS principles into the design and practices of governance, universities can reposition themselves strategically from merely following conventional administrative models to becoming institutions capable of leading change. This approach creates opportunities to eliminate irrelevant processes,

reduce inefficiencies, improve service quality, and create novel managerial policies and innovations. Therefore, the relationship between BOS and university governance is crucial to examine as a strategic effort to address contemporary demands and increase higher education competitiveness in the future.

Adopting BOS principles enables higher education institutions not only to increase internal efficiency but also to strengthen their competitiveness through the creation of uniqueness, excellent services, and more meaningful learning experiences for students and stakeholders. The following discussion explores how BOS can transform university governance toward a more strategic and sustainable direction.

Challenges and Opportunities in BOS Implementation in Higher Education

Although BOS provides an innovative approach, its implementation in the education sector poses specific challenges. Educational institutions are often entrenched in rigid bureaucratic structures and conservative cultures that may hinder the adoption of new strategies. Furthermore, government regulations and limited resources also pose obstacles to significant change. However, with strong leadership commitment and a systematic approach, BOS principles can be applied to create new value in higher education. For instance, Vanderbilt University in the United States applied BOS in its career services by focusing on the unmet needs of students and alumni. This approach helped distinguish the university and positively impacted students' career prospects. BOS offers a fresh and innovative approach to addressing challenges in higher education. By focusing on value creation and differentiation, institutions can open up new market spaces that were previously unreachable. Although implementation requires a shift in culture and organizational structure, case studies such as UPB and Peirce College demonstrate the potential for BOS to succeed in higher education settings. Several studies and reports show that BOS has driven efficiency, service quality, and user satisfaction in non-profit organizations, including universities. In the educational context, BOS also helps institutions remain mission-focused rather than fixated on physical expansion or enrollment statistics. BOS is most effective when supported by transformational leadership, a culture of innovation, and integrated information systems.

A successful case is the Universidad Privada Boliviana (UPB) in Bolivia. In the late 1990s, UPB was on the verge of bankruptcy due to civil unrest. Rector Manuel Olave, appointed in 1999, chose not to compete directly with top universities. Instead, he applied BOS tools such as the ERRC Grid and Strategy Canvas to create more affordable and relevant value for students. As a result, UPB saw increased enrollment, reached full capacity, and became Bolivia's top private university within two decades (Kim & Mauborgne, 2025).

Likewise, Peirce College in Philadelphia implemented BOS by offering bachelor's degree programs across three platforms: on-campus, at corporate sites, and online. This allowed them to reach underserved student groups, such as working adults and military personnel. In the first year, their online enrollment exceeded targets by 300%, and within a decade, total enrollment nearly tripled. Peirce also achieved strong financial performance with annual

surpluses, enabling them to increase scholarship funds while maintaining one of the lowest private tuition rates.

Shifting Mindset from Traditional Governance

University governance in Indonesia remains largely administrative, bureaucratic, and reactive. It is characterized by excessive formal procedures, slow decision-making, and a top-down approach. In the digital disruption era, global competition impacts education (Suhendi, 2022). BOS emerges as an alternative by promoting the creation of new governance spaces rather than merely improving old systems. BOS helps institutions break free from traditional competition and begin developing innovative and transformative management values. This includes reducing procedural barriers and focusing on excellence through collaboration, technology, and meaningful stakeholder engagement.

Blue Ocean Strategy Responds to Governance Challenges

Blue Ocean Strategy (BOS) is a highly relevant strategic approach for addressing governance challenges in higher education. BOS emphasizes the importance of creating new market spaces (blue oceans) through value innovation rather than remaining trapped in the rigid, saturated models of competition (red oceans). In the context of university governance, BOS offers a new direction: not just internal reforms, but also the development of unique and sustainable institutional advantages. BOS is a practical step to make competition irrelevant by pursuing strategies that are unique and unprecedented (Hamid, 2024). It disrupts outdated practices that hinder organizational progress, such as:

1. Replacing the Traditional Reactive and Procedural Mindset
BOS contributes to governance reform by pushing universities beyond narrow administrative thinking. It teaches that strategy should not be based on benchmarking or mimicking competitors but on reimagining the value that can be created for stakeholders. Governance should be designed not just to comply with regulations but to foster creativity, collaboration, and mission-driven service excellence.
2. Redesigning Governance Processes to Be More Flexible and Innovative
Using frameworks such as the ERRC Grid (Eliminate, Reduce, Raise, Create), universities can systematically identify bureaucratic or low-value processes and replace them with leaner, more valuable mechanisms. For instance, lengthy internal accreditation processes can be streamlined with dashboard-based digital evaluation systems, or centralized decision-making can be shifted to decentralized academic unit-based models.
3. Enhancing Institutional Competitiveness through Value Innovation
According to Kim & Mauborgne (in Sulfa, 2021), value innovation is the cornerstone of a blue ocean (Zulfa & Wening, 2021). Rather than engaging in conventional competition (e.g., lowering tuition or increasing program numbers), BOS encourages institutions to build strategic uniqueness. This might involve developing interdisciplinary programs, AI-based student services, or digital campus ecosystems that support flexible and personalized learning. The focus is on creating new value not offered by competitors –

attracting students, industry partners, and top resources into the institution’s ecosystem.

Applying BOS Principles in Governance

To create adaptive and innovative governance, universities need to identify underutilized opportunities in organizational structure, management processes, and approaches to engaging the academic community and stakeholders. Blue Ocean Strategy enables institutions to redesign governance systems traditionally administrative into more strategic, value-oriented, and forward-looking models.

Table 4. Application of BOS in Higher Education Governance

BOS Aspect	Implementation in Higher Education Governance	Expected Impact
Leaving old mindsets	Reducing bureaucracy, accelerating decision-making, decentralizing authority	Responsive and adaptable governance
Creating new systems	Digital systems, performance dashboards, cross-functional teams	Efficiency, transparency, synergy among work units
Focusing on value creation	Relevant academic programs, integrated student services, new learning experiences	Increased institutional competitiveness
Avoiding conventional competition	No longer competing on number of programs/low tuition, but on uniqueness and value	Unique strategic positioning in the higher education market

Application of the ERRC Grid

What should be eliminated?

Within the ERRC Grid framework, the first step is to identify elements in governance that should be eliminated because they are no longer relevant or are hindering the institution’s performance.

What should be reduced?

In the effort to create more innovative and efficient higher education governance, the “reduce” principle emphasizes the importance of minimizing managerial practices that do not provide significant added value to the quality of education and institutional services.

What should be raised?

In the context of the Blue Ocean Strategy, the “raise” principle encourages higher education institutions to strengthen strategic elements that have

previously received little attention but have a significant impact on competitiveness and institutional quality.

What should be created?

In the Blue Ocean Strategy framework, the “create” principle is a strategic step aimed at developing new elements that previously did not exist within the industry or organization. Instead of merely focusing on reducing or eliminating ineffective aspects, this principle invites institutions to innovate by introducing new values and processes that can open fresh, untapped operational or market opportunities. By creating new offerings, institutions can significantly differentiate themselves from competitors, build sustainable competitive advantages, and meet stakeholder needs in more optimal and creative ways.

Table 5. Comparison of ERRC: Old Values vs. New Values A Proposal

ERRC	Old Values (Conventional Conditions)	Proposed New Values (Based on BOS)
Eliminate	<ol style="list-style-type: none"> 1. Lengthy and inefficient bureaucratic procedures 2. Rigid organizational structure 3. Performance evaluation without outcome indicators 4. Decision-making solely by top leadership 5. Leadership based on seniority or personal closeness 6. Discrimination in job appointments 7. Anti-collaborative policies 8. Eliminate subjectivity, nepotism, and discrimination in the justice and reward system 	<ol style="list-style-type: none"> 1. Eliminate slow and unproductive procedures 2. Replace the structure with a collaborative and dynamic one 3. Implement KPI- and outcome-based evaluations 4. Each unit (study program, institution) must have authority relevant to its domain 5. Promote competent and professional leadership 6. Promote freedom from issues related to ethnicity, religion, race, and inter-group relations (SARA) 7. Reform the system to be fair and meritocratic
Reduce	<ol style="list-style-type: none"> 1. Excessive administrative burden 2. Meetings with unclear outcome 3. Manual systems 4. Focus on formality and symbolism 	<ol style="list-style-type: none"> 1. Prioritize human resources for the three pillars of higher education (tridharma), not merely administrative tasks 2. Reduce meetings that are merely formalities and repeatedly address the same issues 3. Digitize processes

		<p>4. Optimize time through results-oriented meetings</p> <p>5.</p>
Raise	<p>1. Low transparency in budgeting and decision-making</p> <p>2. Limited student services</p> <p>3. Low participation from the academic community</p> <p>4. Slow adaptation to change</p> <p>5. Strengthen collaboration with stakeholders (alumni and graduate users)</p> <p>6. Improve comfort and warmth in the work environment <i>(Enhancing wellbeing, trust, and psychological safety in the workplace)</i></p> <p>7. Justice and discipline based on a system <i>(Enhanced through a digital meritocracy system and consistent regulations)</i></p> <p>8. Performance- and innovation-based incentive schemes <i>(Boosting intrinsic motivation through fair and transparent incentives)</i></p>	<p>1. Increase transparency and accountability through data publication</p> <p>2. Expand student services: academic, career, psychological, and digital</p> <p>3. Involve external stakeholders in planning</p> <p>4. Foster an adaptive culture toward technology and policy</p>
Create	<p>1. Create a comfortable and warm work environment</p> <p>2. Establish a servant leadership model</p> <p>3. Ensure fairness and discipline without hidden biases ("X factors")</p> <p>4. Implement a digital governance system based on real-time data (performance dashboard)</p> <p>5. Develop adaptive learning models and micro-credentials</p> <p>6. Design performance- and innovation-based incentive schemes</p>	<p>1. A satisfying work environment</p> <p>2. Use a reward system based on achievement and performance</p> <p>3. Apply a leadership model that humanizes</p> <p>A future organization that is inclusive, fair, collaborative, and agile, where decisions are data-driven, leadership is service-oriented, continuous learning is embraced, and innovation and performance are transparently recognized.</p>

	7. Build an information technology-based governance system (e-governance) 8. Promote collaborative and agile leadership	
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Governance Innovation Based on BOS

Governance innovation based on the Blue Ocean Strategy (BOS) is a strategic approach that encourages Higher Education Institutions (HEIs) to move away from rigid paradigms and intense competition. By focusing on creating new value and exploring untapped operational spaces, this innovation aims to establish a more adaptive, efficient, and responsive governance system suited to contemporary needs. This approach emphasizes not only the improvement of administrative processes but also the transformation of organizational culture, synergistic collaboration, and the utilization of technology as a primary driver of change. Through BOS-based innovation, HEIs can build sustainable competitive advantages while improving service quality for all stakeholders.

Digitalization of academic-administrative services

The first governance innovation under the BOS framework is the digitalization of academic and administrative services. By leveraging information technology, processes such as student registration, academic data management, financial administration, and performance reporting can be conducted online and in real time. This digital transformation not only speeds up service delivery and reduces complex bureaucracy but also enhances transparency and data accuracy. HEIs that successfully implement digital services can offer better experiences for students and staff, as well as improve overall operational efficiency.

Collaboration among HEIs (instead of competition)

Rather than continuously competing for students or scarce resources, BOS-based innovation encourages HEIs to pursue strategic collaborations. These may include resource sharing, joint program development, collaborative research, or sharing infrastructure and technology. This approach allows institutions to expand their networks and capabilities while creating added value that cannot be achieved independently. Such collaborative models open up new "blue oceans" focused on synergy and shared sustainability, rather than fierce competition in a saturated education market.

Participatory and agile leadership models

The third innovation in governance is the adoption of participatory and agile leadership models. Participatory leadership involves engaging various stakeholders – such as faculty, administrative staff, students, and alumni – in the decision-making process, resulting in more inclusive and responsive decisions. Agile leadership emphasizes the ability to act swiftly and flexibly in response to

external changes and challenges, such as technological developments or regulatory shifts. This leadership model enhances institutional adaptability while fostering continuous innovation in governance. These three examples demonstrate how Blue Ocean Strategy principles can be applied to build modern, effective, and highly competitive HEI governance.

Proposed Conceptual Model of BOS-Based HEI Governance:

To address the governance challenges faced by Higher Education Institutions in an era of rapid change, a conceptual governance model based on the Blue Ocean Strategy (BOS) approach needs to be designed. This model aims to transform internal management systems to become more adaptive, innovative, and focused on creating sustainable value. In general, the model consists of three main components: initial system design, environmental inputs, and a transformation process using BOS strategic tools such as the ERRC Grid.

a. Adaptive and innovative initial system design

This refers to institutional management structures and mechanisms that are no longer rigid and hierarchical but rather open to change, collaborative, and responsive to contemporary needs. The design promotes decentralized yet integrated governance through digital systems, broader stakeholder engagement, and an organizational culture that emphasizes continuous learning and innovation.

b. Key inputs to this model

There are two critical components. First, external environmental challenges, such as higher education globalization, rapid digital technology advancement, government regulatory changes, and evolving labor market demands. These factors present both pressures and opportunities that must be addressed strategically. Second, internal governance issues such as multilayered bureaucracy, delayed decision-making, and low efficiency and transparency serve as a starting point for reflection and analysis. These conditions call for structural and cultural reforms so that HEIs can operate more strategically and with greater agility.

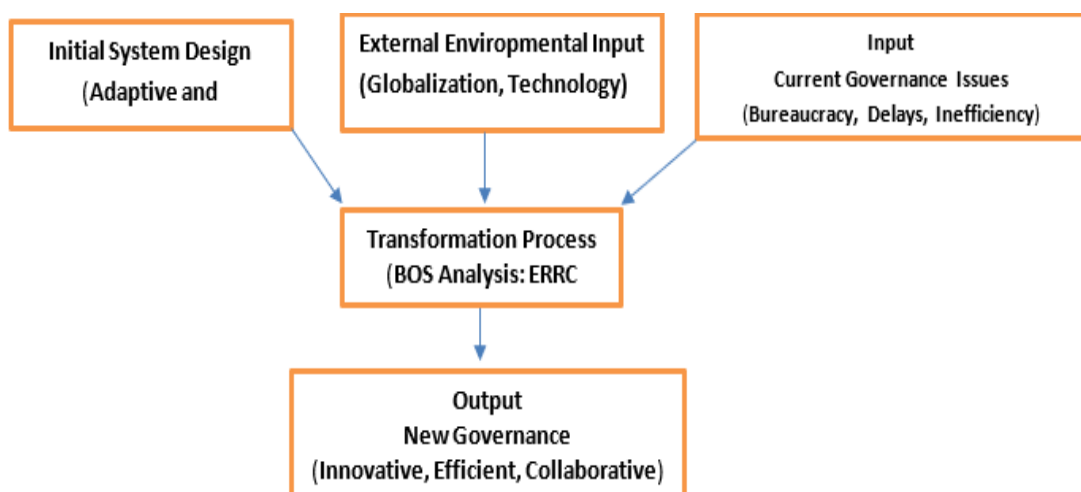


Figure 1. Conceptual Model of "BOS-Based Higher Education Governance"

Transformation Process in This Model Using the ERRC Grid

The transformation process in this model is carried out by applying the ERRC Grid, a core analytical framework of Blue Ocean Strategy that consists of four elements:

- Eliminate (removing processes or structures that provide no value),
- Reduce (minimizing wasteful or irrelevant activities),
- Raise (enhancing high-value components), and
- Create (introducing new and innovative mechanisms or systems that have never been implemented before).

By systematically using the ERRC Grid, Higher Education Institutions can reorganize all aspects of governance whether in organizational structures, decision-making systems, or academic and administrative services so as to build a governance system that is truly competitive and aligned with future challenges.

Output: Adaptive, Innovative, Participatory, and Efficient Governance

The implementation of Blue Ocean Strategy in HEI governance is not only aimed at creating new strategic spaces but also at developing a management system capable of intelligently responding to the dynamics of the times. The transformation targets four main output characteristics:

a. **Adaptive** (Flexible, Data-Driven)

Adaptive governance enables institutions to respond quickly to both internal and external changes, such as government policy shifts, technological developments, and the evolving demands of the job market. This system is supported by data-driven decision-making, allowing leaders and departments to monitor trends and challenges in real-time. Thus, management strategies become not only reactive but also proactive and anticipatory.

b. **Innovative** (Value-Added, Creative)

The hallmark of innovative governance lies in its ability to create previously untapped value. This could involve organizational restructuring, student service improvements, or more personalized and tech-driven learning schemes. Innovation becomes the foundation for breaking free from rigid, procedural administrative patterns in favor of more solution-oriented, creative, and dynamic approaches.

c. **Participatory** (Involving Academic Community)

A participatory governance model fosters active involvement from all elements of the academic community students, faculty, administrative staff, alumni, and industry partners. In this context, policy-making is collaborative and open, not merely a top-down directive. This enhances a sense of ownership, strengthens accountability, and accelerates policy implementation through the support of internal stakeholders.

d. **Efficient** (Reducing Time/Cost Waste)

Efficiency in governance refers to the institution's ability to optimize resources time, budget, labor, and infrastructure—without compromising service quality. Complex procedures, unproductive meetings, and time-consuming manual systems can be reduced or eliminated through

digitalization, delegated authority, and output-based work systems. The result is a lean yet impactful management system. By integrating these four characteristics, HEIs can develop a governance system that excels not only on paper but also operates effectively amid global disruptions. This model aligns with the Blue Ocean Strategy vision emphasizing value innovation rather than competing in overcrowded educational markets by creating high-value, uncontested space.

Impact: Enhanced Institutional Quality and Competitiveness

The application of Blue Ocean Strategy in HEI governance has a significant impact on both quality and competitiveness. By creating new strategic spaces through value innovation, institutions move beyond conventional competition based on numbers (e.g., student enrollment or number of programs) and instead focus on service quality, management effectiveness, and institutional uniqueness. For instance, through the digitalization of academic services and real-time data-based governance, decision-making becomes more accurate and responsive. This leads directly to improved satisfaction among students, faculty, and external partners. Furthermore, with a more participatory and collaborative approach, institutions can cultivate a healthy and proactive organizational culture making them more attractive to prospective students, industries, and both national and international accreditation bodies. Overall, BOS adoption supports sustainable academic and institutional quality improvement.

Advantages and Potential Challenges

Blue Ocean Strategy is part of management. Management is both an art and a science. Gullick defines management as a field of science used to understand why and how people work together to achieve goals and to make cooperative systems more beneficial to humanity (Deak et.al, 2022)

In higher education governance, BOS offers several strategic advantages:

First, it encourages continuous innovation and a focus on unique value creation, which is crucial in today's global and digital competition.

Second, BOS provides a clear framework (e.g., ERRC Grid and Strategy Canvas), giving institutions concrete tools to assess and redesign their management processes.

Third, it enables HEIs to increase efficiency without massive resource expansion – through smart optimization instead.

However, potential challenges must also be considered:

- Internal resistance may arise, especially if changes affect power structures, organizational culture, or established promotion systems.
- Technology adoption, a key BOS element, requires initial investments and systematic human resource capacity-building.
- Lack of understanding of BOS could lead to superficial implementation that fails to achieve deep transformation.

Therefore, internal communication strategies, training, and transformational leadership are essential to maximize the benefits and minimize the obstacles. The promising advantages and realistic challenges of BOS demand

careful planning, change management, and long-term commitment from university leadership and the academic community as a whole.

CONCLUSION AND RECOMMENDATIONS

The challenges facing higher education governance today are increasingly complex. Multi-layered bureaucracy, slow decision-making, lack of innovation, and limited adaptability to external changes such as digitalization, globalization, and demands for international accreditation pose significant obstacles to achieving excellence in higher education quality. Therefore, a strategic approach that goes beyond conventional practices is urgently needed. One relevant and highly promising approach is the Blue Ocean Strategy (BOS).

Developed by W. Chan Kim and Renée Mauborgne, BOS emphasizes the creation of new market space and value innovation, rather than competing in crowded existing markets. In the context of higher education governance, this approach can be adapted to design a more responsive, efficient, and collaborative managerial system. By utilizing BOS tools such as the ERRC Grid and Strategy Canvas, higher education institutions can evaluate current management processes, eliminate outdated practices, reduce reliance on legacy systems, enhance quality and transparency, and create technology- and data-based systems.

The implementation of BOS principles in governance yields several tangible benefits: resource efficiency, increased stakeholder satisfaction, systems that are more adaptable to change, and improved academic quality. Innovations such as digitalized services, decentralized decision-making, the establishment of managerial innovation units, and adaptive learning represent concrete steps toward more relevant governance in the disruption era. However, implementing BOS within educational institutions is not without challenges. Cultural resistance, technological and resource limitations, and the need for a mindset shift are key factors that must be strategically managed. Therefore, leadership commitment, active involvement of the academic community, and the strengthening of an innovation culture and continuous evaluation are crucial.

Overall, this study confirms that the application of Blue Ocean Strategy not only enables higher education institutions to escape stagnant competition, but also paves the way for a transformative governance model that is adaptive, innovative, participatory, and efficient a critical step towards enhancing the competitiveness and quality of higher education in Indonesia in a sustainable manner.

ADVANCED RESEARCH

Future research on Blue Ocean Strategy (BOS) in higher education governance should develop and test a transformation framework that integrates BOS tools with digital governance, stakeholder co-creation, and continuous improvement. Multi-case and mixed-method studies could assess BOS impacts on academic quality, efficiency, and adaptability compared to traditional models. Findings would inform practical guidelines, leadership training, and change

management strategies to build sustainable, competitive, and innovation-driven higher education in Indonesia.

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May this journal contribute meaningfully to the advancement of knowledge and practical implementation in the relevant field.

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