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Institutional Performance in Higher Education: The Influence of Service Quality and Innovation via Reputation

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Abstract

This study explores the role of service quality and innovation in shaping institutional reputation and how these factors collectively enhance the performance of Politeknik Negeri Jember (POLIJE). Employing an explanatory research design, the study targets external stakeholders, specifically alums and industry partners, as key informants. Out of a total population of 1,661 individuals, a proportionally representative sample of 121 respondents was selected. The research utilizes quantitative methods, with data analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 3.0. The findings reveal that service quality and innovation significantly influence the institution's reputation. Furthermore, each of these variables—service quality, innovation, and reputation—directly and positively impacts institutional performance. Notably, reputation also serves as a significant mediating variable in the relationship between service quality and institutional performance, as well as between innovation and institutional performance. These results highlight the strategic importance of fostering high service standards and continuous innovation to build reputation and ultimately strengthen institutional outcomes.

Keywords: Service Quality; Innovation; Reputation; Institutional Performance

1. Introduction

Nowadays, universities have transformed into promising business entities whose existence and role are limited to academic functions and driving the economy through contributions in the education sector. A university's reputation reflects not only academic achievement but also attracts prospective students and strategic partnerships with other institutions at national and international levels. A good reputation is essential because universities with superior images are usually associated with quality education. They have competent faculty, adequate facilities, and graduates who are competitive in work (Purcell et al., 2019).

According to Ola et al. (2021), developing institutions face challenges in a competitive environment. Colleges must be able to innovate and adapt to the rapidly changing world of education, especially with the advancements in digital technology and globalization. Colleges must compete with local and international universities that offer appealing programs to students worldwide. This requires colleges to focus on enhancing the quality of education and

developing effective management and promotion strategies, building good relationships with stakeholders, and expanding cooperation networks with the private sector, government, and international community.

As a vocational higher education institution, POLIJE is responsible for preparing students to face the challenges of the workforce. Since its founding, POLIJE has grown significantly in terms of the number of study programs, the quality of education, and the available facilities. POLIJE now offers programs of study in engineering, agriculture, business, and health and technology information. This diversification fulfills the needs of a job market that is increasingly diverse and dynamic. Additionally, POLIJE has received various accreditations from the National Accreditation Board for Higher Education (BAN-PT) and international certifications, which prove its commitment to maintaining high educational standards. POLIJE received an institutional accreditation with a "B" rating from the National Accreditation Board for Higher Education (BAN-PT) based on Decree No. 398/SK/BAN-PT/Ak-PPJ/PT/VI/2020 (BAN-PT, 2024). Several programs have received accreditation A, demonstrating the institution's commitment to providing high-quality education. Additionally, POLIJE actively establishes partnerships with foreign institutions to enhance educational and research quality.

According to the Ministry of Education, Culture, Research, and Technology's 2023 regulations, POLIJE was established as a Body of General Service (BLU) to increase the independence and flexibility of educational institutions' financial management and governance. Per the government's policy, the BLU status gives POLIJE autonomy in managing non-tax revenues while holding it accountable for financial reporting to the state. This aligns with the government's efforts to improve the operational efficiency and effectiveness of vocational higher education institutions in Indonesia. (itjen.kemdikbud.go.id)

Implementing the Public Service Agency (BLU) in Indonesian vocational colleges aims to provide financial management flexibility, increase efficiency, and support academic and operational innovation. However, employees often face challenges that hinder them from directly benefiting from BLU, including:

Table 1. Implementation Service Agency General (BLU) For Employee Politeknik Negeri Jember

No	Benefit Inhibitors BLU	Information
1	Lack of Socialization and Employee Understanding	Many employees do not fully understand the mechanisms, benefits, and opportunities offered by BLU. This results in resistance to change, or ignorance method utilize flexibility BLU.
2	Management Suboptimal Budget	Although BLU provides flexibility in budget management, several things still face obstacles in its implementation, such as a weak financial governance system or lack of source competent human.
3	Limitations Incentive for	One of the objectives of BLU is to provide worth

	Employees	incentives to employee. However, in practice, many employees feel that incentives Not yet comparable with the increase not quite enough answer and workload.
4	Inequality between Policy and Implementation	BLU policies are sometimes not fully aligned with operational needs at the work unit level, causing employees to feel that there is no change significant in their well-being.
5	The lack of Supporting Facilities	Often facing limitations in supporting facilities, such as infrastructure, practice equipment, or adequate access to technology, so that flexibility BLU cannot be optimized.
6	Lack of Recognition of the Role of Employees	Administrative and support staff often feel their roles are not valued within the framework BLU, especially in matter involvement in decision strategic.

Supporting Regulations for BLU Status include the guidelines set out in Presidential Regulation No. 29 of 2014 regarding the System of Performance Accountability of Government Agencies (SAKIP), as well as Minister of Education and Culture Regulation No. 9 of 2016, which regulates performance accountability within the Ministry of Education, Culture, Research, and Technology. BLU status is a strategic step toward transformation into a Legal Entity State University (PTNBH). Implementing BLU in Indonesian vocational colleges aims to provide financial management flexibility, increase efficiency, and support academic and operational innovation. However, various challenges often prevent employees from directly benefiting from BLU, including:

POLIJE is preparing to transition to a College of the State of the Bodies Law (PTNBH), which will grant autonomy in academic, financial, and management matters. This step reflects the institution's commitment to facing the challenges of independence and increasing its global competitiveness. POLIJE has conducted a benchmarking study with Surabaya State University (UNESA), which underwent a similar transformation. Visiting POLIJE provides insight into preparing regulations, legal documents, and governance strategies for PTNBH (unesa.ac.id).

This transformation aligns with POLIJE's vision of becoming a leading polytechnic institution in Asia by 2035. Various strategic steps have been taken, such as enhancing cooperation with industry and international partners, developing market-driven study programs, and achieving excellent accreditation. PTNBH status will give POLIJE greater flexibility to innovate and diversify its funding sources while strengthening its role as a vocational education institution contributing to national development. POLIJE aims to create a higher education ecosystem that meets national standards, possesses international competitiveness, supports sustainable development, and reinforces its position as a leader in vocational education in Indonesia.

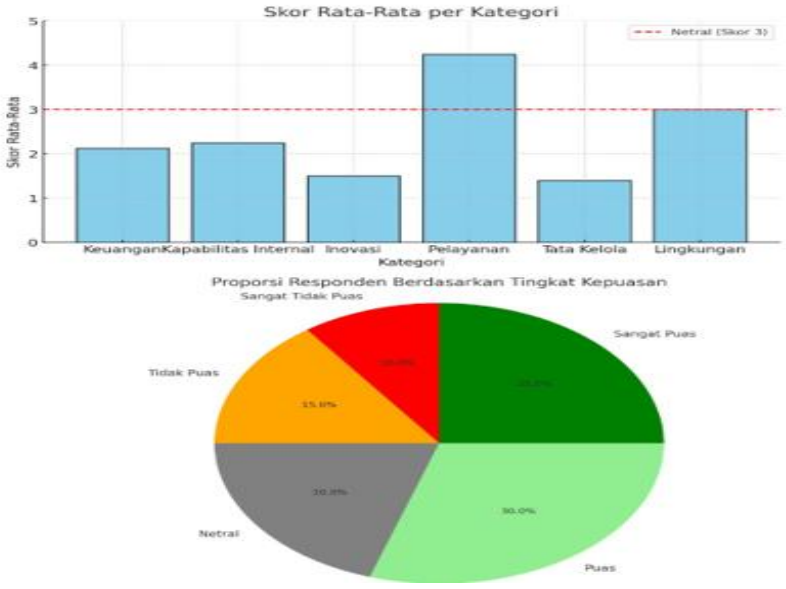
POLIJE has experienced significant structural development in managing its transformation from a Work Unit (*Satker*) to a Public Service Agency (BLU). It is transitioning to a State University with Legal Entity (PTNBH) status. This transition aligns with POLIJE's efforts to improve the quality of its services, foster innovation, enhance its reputation, and boost its performance as a competitive college at the national and international levels. PTNBH criteria

include autonomy in financial and academic management, the ability to design and implement strategic programs, and increased accountability and transparency in resource management. However, POLIJE faces challenges in meeting these criteria, particularly regarding independent financial management and the sustainability of educational innovation.

POLIJE's readiness to transition to PTNBH is not only seen in terms of financial management but also in terms of service quality of education that is relevant to industry needs, innovation in research and community service, and the institution's reputation, which is increasingly recognized on a global scale. However, the challenges faced by POLIJE in achieving PTNBH remain significant, especially in improving academic and administrative performance to align with international standards. The issues that arise in this context are often related to resource constraints, both human resources and adequate infrastructure to support high-quality innovation and research. Therefore, conducting in-depth research on these barriers is important, as it can provide a clear picture of the urgency of change required to achieve PTNBH status.

As explained in various related regulations, including Government Regulation No. 29 of 2014 and the Ministry of Education and Culture policies, the PTNBH criteria require universities to demonstrate high competitiveness, clear management efficiency, and integrity in implementing accountability and transparency. In a policy context, study management units, such as those responsible for service quality, education, research, and community service, are essential for identifying weaknesses and potential improvements before achieving a goal. This study was crucial in ensuring that POLIJE achieved PTNBH status administratively and maintained and improved quality to the expectations of the community, industry, and government.

Overall, POLIJE must continue to improve in various areas, including academic and managerial innovation, to meet the PTNBH criteria. The challenge of POLIJE's readiness to fulfill the PTNBH criteria must be studied more in-depth, especially regarding academic quality of service, research, and financial independence.



Picture 1. Results Survey Service Quality Service Agency General (BLU) Police

To increase competitiveness and efficiency in management and uphold integrity in accountability and transparency implementation, POLIJE continues to develop various plans. The strategy is based on four main variables: service quality, innovation, reputation, and institutional performance. Regarding service quality, POLIJE strives to provide the highest standards for all academic and non-academic services. This is achieved by enhancing educational facilities and optimizing service quality through digital administration. Additionally, the competence of teaching and educational staff is enhanced to provide students with a quality learning experience.

Regarding innovation, POLIJE adapts to technological developments and industry needs by offering technology-based learning programs and implementing information systems that improve access to services. The institution provides quality academics, as well as the development of research and innovative products that benefit the public and the global industry. Meanwhile, POLIJE's reputation is built through various academic and non-academic achievements at the national and international levels. Participation in student exchange programs, collaboration with global partners, and the success of students and faculty in various competitions prove the credibility and existence of POLIJE in higher education.

Finally, performance indicators help realize the vision and mission of POLIJE as a leading vocational institution. Continuous evaluation and improvement ensure the effectiveness of institutional governance and increase the absorption of graduates into the global workforce, as well as the achievement of Three Dharma Higher Education targets. Through the synergy between service quality, innovation, reputation, and institutional performance, POLIJE is committed to becoming a vocational education institution that empowers global competitiveness and contributes to national progress.

Service quality is vital in attracting and retaining students and partners in higher education. It also influences perceptions of reputation. Institution. Service quality can increase student satisfaction, while innovation supports institutional competitiveness amidst global dynamics (Nguyen et al., 2020). Another study explains that the reputation of higher education institutions is built via service quality, innovation, and success in creating value for stakeholders' interests, including students, lecturers, and partner industry. A strong reputation helps institutions gain student loyalty and influences prospective college decisions. It is stated that the combination of academic quality, service, technological innovation, and global partnership networks are the keys to building a competitive reputation. Institutions that can meet the expectations of society and industry will have more appeal at the national and international levels (Sultan & Wong, 2010)

In an increasingly competitive global era, service quality and innovation are two important elements that significantly contribute to an educational institution's reputation. A good reputation attracts partners, students, and the wider community, helping the institution achieve its academic and non-academic goals. This study analyzes how service quality and innovation can enhance a reputation, ultimately positively impacting institutional performance. The study aims to provide institutional management with a comprehensive overview of strategic steps for developing service quality and innovation, strengthening the institution's position among stakeholders, and enhancing sustainable competitiveness. Based on the background behind this,

we can know and identify that:

(1) There is a difference between the service quality and stakeholder expectations. Service quality often does not meet the expectations of students, lecturers, or industry partners, which can impact the institution's reputation. This shows the need for the analysis to carry on about service quality dimensions, which most influence stakeholders' perceptions.

(2) Innovation does not directly improve an institution's reputation. Although innovations have been implemented, they have not significantly impacted institutional reputation. Further research is needed to determine whether the implemented innovation is relevant to market needs or only focuses on internal administrative aspects.

(3) BLU implementation constraints on enhancing institutional performance. The transition to BLU status does not necessarily increase efficiency and innovation because there are still obstacles, such as a lack of employee understanding and minimal supporting facilities. Linking BLU and plans at PTNBH with the institution's reputation and performance is challenging.

(4) Infrastructure and human resource limitations in supporting innovation. A lack of resources, in the form of both infrastructure and competent human resources, often becomes the main obstacle to the sustainable and effective implementation of innovations;

(5) Connection is weak between reputation and loyalty stakeholders. Studies show that the reputation built does not always result in loyalty from students or work partners. This raises questions about what elements of reputation are considered most important by stakeholders. Some of the things above that have been identified as gap research are the urgency of this research related to the influence of service quality and innovation on reputation in enhancing institutional performance. In this study about improving power competition and efficiency management At POLIJE, there are several gaps between expectations and existing realities, especially regarding service quality, innovation, reputation, and institutional performance. From the service side, quality, community, and student expectations are fast, transparent, digital-based academic and administrative service quality, supported by adequate facilities. However, there are still obstacles, such as delays in the administrative process, lack of understanding regarding the use of digital systems, and inequality in infrastructure in several study programs.

POLIJE expects to produce innovations that can be applied in industry and strengthen the relationship between academic and professional scope. However, the innovations have limited implementation due to limited facilities and funding and a lack of collaboration with external sectors to commercialize research results. Regarding its reputation, POLIJE is expected to strengthen its image and credibility at the national and international levels. Although there have been achievements in several international programs, there is still a lack of publications and international promotions that could increase POLIJE's global visibility. Finally, the expectation is efficient management and a high absorption rate of graduates into the workforce. While there have been various improvements, several performance indicators still need improvement, such as optimizing resource management and enhancing the quality of graduates to prepare them better to face global challenges.

2. Literature Review

Service Quality

According to Liu et al. (2022), service quality in higher education is an evaluation based on student perceptions, including their impressions of service-quality education. This evaluation considers sustainability and indicators such as the SERVQUAL model, which includes the following dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Service quality in higher education is a complex and critical aspect requiring a comprehensive approach involving multiple dimensions, ongoing feedback, and tailored strategies to meet the diverse needs of students and faculty. Prioritizing service quality increases satisfaction, loyalty, and overall educational outcomes (El Alfy & Abukari, 2020; Kamakoty & Singh, 2023; Yavuz & Gülmez, 2016).

The model of service quality in education emphasizes the factors, conditions, and events that precede and influence service quality. These include communication, marketing, and student experience. The main results are trust, satisfaction, and university image. Effective communication and service delivery influence these results (Sultan & Wong, 2012). Service quality uses a multidimensional framework integrating academic support, infrastructure, faculty involvement, and service. It ensures that all aspects of service quality are rated to meet student expectations and enhance their overall educational experience (Liu et al., 2022). (Liu et al., 2022).

Innovation

According to Taylor (2017), innovation involves successfully introducing new services. This can include quality products, processes, business models, or new working methods. This approach integrates practical applications that increase market share within an organization or market. The Oslo Manual (2018) defines innovation as applying new or significantly improved products, processes, marketing, or organizational methods. This definition applies to business practices, workplace organization, and external relations. This definition emphasizes innovation's importance as a key element in increasing power, competition, and business strategies in various sectors. The Oslo Manual is a global guideline for collecting and reporting innovation data, and many countries and international organizations use it to improve innovation analysis and policy.

Idris and Alptekin (2021) define innovation as developing new products or significant improvements to existing goods or services. It also includes implementing new marketing, organizational, or business strategies, highlighting its important role in enhancing a company's competitiveness and performance. According to the Oslo Manual (2018), innovation can be summarized as implementing new or significantly improved products, processes, marketing methods, or organizational strategies. Taylor (2017) expands on this concept, emphasizing the importance of practical innovation in creating an impact within an organization or market. Similarly, Idris and Alptekin (2021) define innovation as developing new products and implementing innovative business or organizational strategies, which emphasizes its importance in improving competitive power and performance. The perspective generally

emphasizes innovation as a growth booster for organizations and a key element for strengthening institutional reputation.

Reputation

Corporate reputation is considered as the overall attractiveness of the company, its fame, and the respect it has. Fombrun (1996) defines reputation as a perceptual representation of the company's past actions and prospects that depict the company's overall attractiveness in the eyes of its stakeholders. Stakeholders' interest is the main thing compared to competitors **(**Well, A., Göbel, M., & Vogel, R. 2019). Reputation is the collective perception of an entity's credibility, trust, and integrity formed through action, communication, and interaction consistent with stakeholders. In this case, reputation includes how the institution is viewed by business partners, communities, governments, and other parties involved, as well as the impact on success and sustainability cooperation. A good reputation can increase the attractiveness of an institution, strengthen relationships with stakeholders, and provide competitive advantages (Wan et al., 2023). According to Miotto G. et al. (2019), college reputation is a collective perception of credibility, quality academics, superiority of study, and social contribution to higher education institutions. This reputation is formed through various factors, including academic performance, results study, quality teaching, integrity, and community involvement. A good reputation can increase the attractiveness of a college. Candidate student, staff academic, partner industry, source financial power, and strengthening its position in the global education community.

Institutional Performance

Institutional performance can be defined as the achievements and outcomes institutions attain in fulfilling their goals and missions. This concept often encompasses various dimensions and indicators that reflect institutional activities' effectiveness, efficiency, and impact. According to Lawrence M. Miller, institutional performance involves achieving organizational goals through the effective, efficient, and sustainable use of resources. In higher education, institutional performance or effectiveness is commonly measured by student learning outcomes, student engagement, and the quality of academic programs, research, and community service. This includes setting high expectations, fostering an inclusive learning environment, and applying pedagogical practices that enhance student learning and development (Dhir, 2024; Nauffal, 2012; Putrawijaya et al., 2022).

Institutional performance in education is influenced by various factors such as research productivity, faculty gender dynamics, institutional selectivity, and organizational characteristics that contribute to student retention and graduation rates. National regulations, government policies, and accountability mechanisms also play a significant role in shaping institutional performance. Additionally, the relationship between institutional spending and degree attainment and the impact of performance-based budgeting and funding programs on graduation rates are important to consider (Orfan et al., 2024).

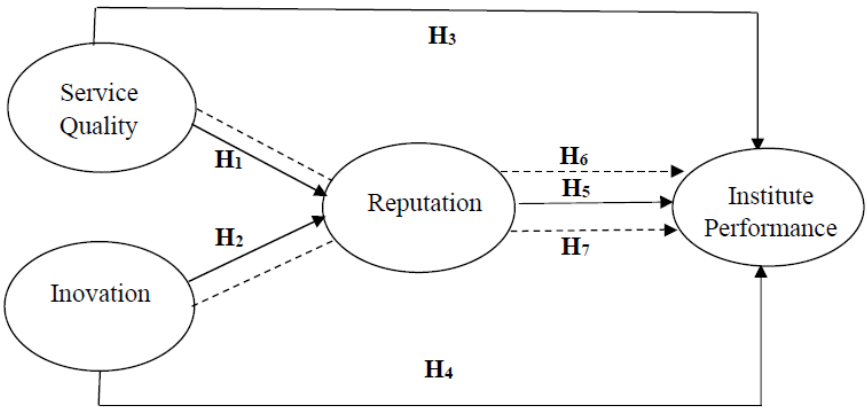


Figure 2. Conceptual Framework of Research

3. Method

Design Study

This study uses a quantitative approach to analyze and test the influence of variable service quality, innovation, and reputation and its impact on institutional performance at POLIJE. The design of this study is explanatory research, which seeks to explain the causal relationship between the variables studied. This study will use the Partial Method of Least Square (PLS) to test the structural model. This method was chosen because of its ability to analyze complex models with a relatively small number of samples and does not require the assumption of normal distribution. PLS also allows simultaneous testing of several relationships between latent and observation variables, making it suitable for this study.

Population and Samples

According to Sugiyono (2016:148), a population is a generalization area consisting of objects or subjects with specific quantities and characteristics determined by researchers for study and from which conclusions are drawn. A population refers to a group of subjects that share common characteristics. When specific criteria are applied to define the population, the entire set of analytical units is called the target population. Simamora (2014:158) defines a population as the total number of elements (units or individuals) of a particular type that can be identified and used as research objects. In this study, the population includes all external stakeholders who receive quality services from POLIJE, including students and industry partners (DUDI). The following section presents the population data used in this study:

Table 2. Data Population Study

No.	External Stakeholders	Amount
1.	Student (Alumni 2024)	**1504**
2.	Partners Cooperation Outside Country	**5**
3.	Partners Cooperation in Country (Dudi Partners)	**152**
	Total	**1661**

Source: Politeknik Negeri Jember, 2023

A sample is a subset of elements selected from a population and examined in detail (Tjiptono, 2011, p. 79). This study employs a non-probability sampling technique, which refers to a

sampling method that does not provide equal opportunities for each element or member of the population to be selected (Sugiyono, 2016, p. 154). The use of non-probability sampling in this research is due to the incomplete nature of the available data, which necessitated the selection of samples based on non-random criteria.

Proportional sampling is a technique used to ensure that each subgroup within the population is proportionally represented in the research sample (Kothari, 2004). This method is a subset of stratified random sampling, wherein the population is first divided into homogeneous strata before samples are randomly selected from each stratum (Cochran, 1977). This technique is commonly employed in quantitative research to accurately represent the population by accounting for distribution characteristics such as demographics, occupation types, or other relevant factors. According to Sekaran and Bougie (2016), proportional sampling falls under the category of stratified random sampling, where the population is divided into homogeneous groups (strata), and samples are drawn from each group based on their proportion within the overall population.

The proportional sampling technique was also chosen because It can ensure accurate representation; it is stated that all groups in the population get proportional representation, thus increasing the study's external validity. It can reduce bias in sample selection, so by determining the number of samples from each group based on the proportion of the population, the potential for bias due to imbalance in the sample can be minimized (Creswell, 2014). Process-taking samples use the technique of proportional sampling.

Table 3. Number of Sample Distribution

No.	Respondents	Calculation	Amount Sample
1	Student	1,504 / 1,661 x 120	**109**
2	Partners Cooperation Outside Country	5 / 1,661 x 120	**1**
3	Partners Cooperation in Country	152 / 1,661 x 120	**11**
	Amount Sample Overall		**121**

Source: Data processed, 2024

Types of Data

Primary data in this research was obtained from several sources: First, observation. Alternatively, observation researcher to a phenomenon related to the development of POLIJE. Second, interview or interviews with many informants who are considered relevant and know the substance related to the development of POLIJE and the parties who have the authority to formulate policies related to the development of Institutional Performance.

There are two secondary data collection methods: Documentation related to activities at POLIJE, which are considered relevant to the research topic, and relevant bibliography or literature studies, including books, articles, Journals, and printed/internet news.

Data Collection Method

1. The data collection questionnaire will be distributed via questionnaires containing written statements via Google Form media to the academic community of POLIJE to obtain

information for conducting this research.

2. Literature study, namely data collection by reading and collecting information from data that supports this research, such as by investigating various sources or notes written to obtain data secondary which can support the analysis of problems in this study or with data obtained from related agencies, namely Politeknik Negeri Jember.

Method of Analysis

This study uses a data analysis method with a Partial approach. Least Square (PLS) is one of the techniques in Structural Equation Modeling (SEM) based on variants. This method is often called generation second from flexible multivariate analysis in dealing with problems with small sample sizes and data that do not have to be normally distributed (Hair et al., 2017). According to Hair et al. (2019), PLS is a variant-based SEM approach designed to handle structural problems involving many variables, especially when the research sample size is small, ranging from 30 to 100. The advantages of the PLS method include its ability to overcome data that is not distributed normally, handle indicators reflective of both formatives, and allow the use of scale data ordinal, ratio, And interval in one model. In addition, PLS can be used to predict and analyze determinant factors. Use measures the magnitude influence variable free to variable bound (Sarstedt et al., 2021). In hypothesis testing, it can be seen from the t-statistic value and probability value. For testing the hypothesis, that is, with the use of mark statistics, then for alpha 5%, the t-statistic value used is 1.96. So, the acceptance/rejection criteria hypothesis is Ha accepted, and Ho rejected when t-statistic > 1.96. For the reject/accept hypothesis, use probability so Ha is accepted if $p < 0.05$.

4. Results and Discussion

Profile of Politeknik Negeri Jember

Politeknik Negeri Jember (POLIJE) is a state vocational higher education institution under the supervision of the Ministry of Education, Culture, Research, and Technology of the Republic of Indonesia. It also supports the policy direction of the Ministry of Higher Education, Science, and Technological Innovation (Kemendiktisaintek). Established on October 29, 1988, POLIJE was originally part of the University of Jember, known as the Polytechnic of Agriculture, University of Jember (PPNJ). As the demand for skilled human resources in agriculture and technology increased and vocational education in Indonesia developed, the institution became an independent vocational college under POLIJE.

As a vocational higher education institution, POLIJE offers programs at the Diploma III (Associate Degree) and Bachelor of Applied Science (Diploma IV) levels, utilizing a competency-based curriculum designed to meet industry demands. Polije comprises nine departments: Agricultural Production, Agricultural Technology, Animal Husbandry, Agribusiness Management, Information Technology, Languages, Communication, Tourism, Health, Engineering, and Business. In addition to its regular academic programs, Polije has established Off-Campus Study Programs (PSDKU) in several districts across East Java to broaden access to vocational education. The institution also implements a range of international initiatives, including double degree programs, student exchange schemes, and overseas internships, to strengthen its graduates' global competitiveness and employability.

As an institution committed to innovation, POLIJE focuses on strengthening education and partnerships and is preparing to expand its academic offerings significantly. The institution is finalizing plans to launch a Doctor of Applied Science program—an initiative that reflects its dedication to advancing applied research based on industry and societal needs. This strategic move positions POLIJE as a pioneer in advanced vocational education in Indonesia and reinforces its vision to become a leading polytechnic in Asia by 2035.

With a strong commitment to quality, innovation, and relevance, POLIJE continues to grow as a critical higher education institution that produces highly skilled and competitive graduates.

Partial Least Square Analysis (PLS)

1. Model Measurement (Outer Model)

Validity Test

Convergent Validity

Loading factor becomes one of the determinants in evaluating validity through convergent validity. According to Duryadi (2021:61), an indicator is considered valid if its correlation value exceeds 0.6. Results testing convergent validity can be seen in Table 4 below:

Table 4. Convergent Validity Results

Variables	Indicator	Loading Factor		Information
		Score	Rules of Thumbs	
Service Quality (X 1)	SQL1	0.806	0.600	Valid
	SQL2	0.803	0.600	Valid
	SQL3	0.827	0.600	Valid
	SQL4	0.800	0.600	Valid
	SQL5	0.797	0.600	Valid
	SQL6	0.837	0.600	Valid
	SQL7	0.856	0.600	Valid
	SQL8	0.858	0.600	Valid
Innovation (X 2)	INV1	0.787	0.600	Valid
	INV2	0.807	0.600	Valid
	INV3	0.832	0.600	Valid
	INV4	0.864	0.600	Valid
	INV5	0.841	0.600	Valid
	INV6	0.837	0.600	Valid
Reputation (Z)	RPS1	0.810	0.600	Valid
	RPS2	0.772	0.600	Valid
	RPS3	0.812	0.600	Valid
	RPS4	0.857	0.600	Valid
	RPS5	0.836	0.600	Valid
	RPS6	0.826	0.600	Valid

	RPS7	0.750	0.600	Valid
	RPS8	0.769	0.600	Valid
	RPS9	0.831	0.600	Valid
	RPS10	0.835	0.600	Valid
Performance Institution (Y)	KNI1	0.768	0.600	Valid
	KNI2	0.867	0.600	Valid
	KNI3	0.894	0.600	Valid
	KNI4	0.816	0.600	Valid
	KNI5	0.877	0.600	Valid

Table 4 describes the indicator of every variable worth loading factor above 0.6 so it is declared valid

2. Structural Model (Inner Model)

a. Discriminant Validity

Discriminant validity testing was conducted using cross-loading, and the value average variance was extracted (AVE). Results testing the service are shown in Table 5 below.

Table 5. Cross-loading Results

Variables	Indicator	Service Quality	Innovation	Reputation	Institutional Performance
Service Quality	SQL1	**0.806**	0.623	0.596	0.618
	SQL2	**0.803**	0.634	0.516	0.493
	SQL3	**0.827**	0.622	0.555	0.572
	SQL4	**0.8**	0.654	0.683	0.613
	SQL5	**0.797**	0.745	0.673	0.616
	SQL6	**0.837**	0.666	0.622	0.629
	SQL7	**0.856**	0.708	0.665	0.634
	SQL8	**0.858**	0.706	0.658	0.673
Innovation	INV1	0.657	**0.787**	0.616	0.56
	INV2	0.681	**0.807**	0.587	0.587
	INV3	0.631	**0.832**	0.684	0.559
	INV4	0.694	**0.864**	0.697	0.686
	INV5	0.722	**0.841**	0.696	0.653
	INV6	0.672	**0.837**	0.78	0.76
Reputation	RPS1	0.614	0.655	**0.81**	0.704
	RPS2	0.562	0.641	**0.812**	0.712
	RPS3	0.61	0.751	**0.857**	0.707
	RPS4	0.604	0.666	**0.836**	0.663
	RPS5	0.652	0.608	**0.826**	0.669
	RPS6	0.585	0.59	**0.75**	0.612

	RPS7	0.558	0.628	**0.769**	0.627
	RPS8	0.591	0.668	**0.831**	0.644
	RPS9	0.677	0.736	**0.835**	0.749
	RPS10	0.689	0.702	**0.772**	0.68
Institutional Performance	KNI1	0.599	0.579	**0.588**	0.768
	KNI2	0.603	0.605	**0.713**	0.867
	KNI3	0.624	0.698	**0.751**	0.894
	KNI4	0.607	0.647	**0.684**	0.816
	KNI5	0.692	0.724	**0.783**	0.877

Based on Table 5, cross-loading, each variable correlation value is higher than the correlation value with other variable indicators. For example, the cross-value loading factors on variable SQL with indicator SQL1, which is 0.806, have a higher value when compared to the cross-loading value on the INV variable with a cross-value loading of 0.623. Furthermore, AVE is used to identify the achievement of condition validity discriminant and is worth more than 0.5 (Duryadi, 2021, p. 62). The AVE results are:

Table 6. Average Variance Extracted Results (AVE)

Variables	Loading Factor		Information
	Score	Rules of Thumbs	
Service Quality (SQL)	0.678	0.500	Valid
Innovation (INV)	0.686	0.500	Valid
Reputation (RPS)	0.657	0.500	Valid
Performance Institutions (KNI)	0.715	0.500	Valid

Table 6 shows that the AVE value for each variable is higher than 0.5, so all variables in this study are said to be valid.

Reliability Test

Reliability testing is carried out to assess the extent to which a variable can be relied on. According to Duryadi (2021:63), a variable is said to be reliable if Cronbach's alpha and composite reliability exceed number 0.6. Results testing in Table 7 below.

Table 7. Reliability Test Results

Variables	Cronbach Alpha		Composite Reliability		Information
	Score	Rules of Thumbs	Score	Rules of Thumbs	
Service Quality (SQL)	0.932	0.600	0.944	0.600	Reliable
Innovation (INV)	0.909	0.600	0.929	0.600	Reliable
Reputation (RPS)	0.942	0.600	0.950	0.600	Reliable
Performance Institution (KNI)	0.899	0.600	0.926	0.600	Reliable

Table 7 shows that the variables have Cronbach's alpha and composite reliability of more than 0.6, so all variables are declared reliable.

3. Structural Model (Inner Model)

Testing of the inner model is done by looking at the R- Square (R^2) value or coefficient determination, size effect through f- square (f^2), as well as Q- square (Q^2) to assess predictive relevance. The R- R-square value is presented in Table xx below.

Table 8. R-Square Test Results

Variables	R- Square	Information
Reputation	0.732	**Strong**
Performance Institutions	**0.700**	**Strong**

In Table 8, the R^2 for Reputation is 0.732 or 73.2% (strong), while the Performance Institutions value is 0.700 or 70.0%. This indicates that the ability of the service quality and innovation variables affects the reputation variable by 73.2% while the performance institutions variable affects it by 70.0%. Other variables outside the study describe the rest. The next test is F-Square (F2), where 0.02 has a negligible effect, 0.15 means a medium effect, and 0.35 has a significant effect. The f-square is:

Table 9. F-Square Test Results

Variables	Reputation	Performance Institutions
Service Quality	0.078	**0.036**
Innovation	0.410	**0.022**
Reputation		**0.370**

Table 9, where the value of 0.078 is shown, means that the service quality variable moderately influences the reputation variable. Innovation in Reputation is significant because the F- Square value is 0.410. Service Quality and Innovation have a moderate on employee performance of 0.036 and 0.022. Reputation on Institutional Performance has a significant influence of 0.370.

4. Flowchart Construction

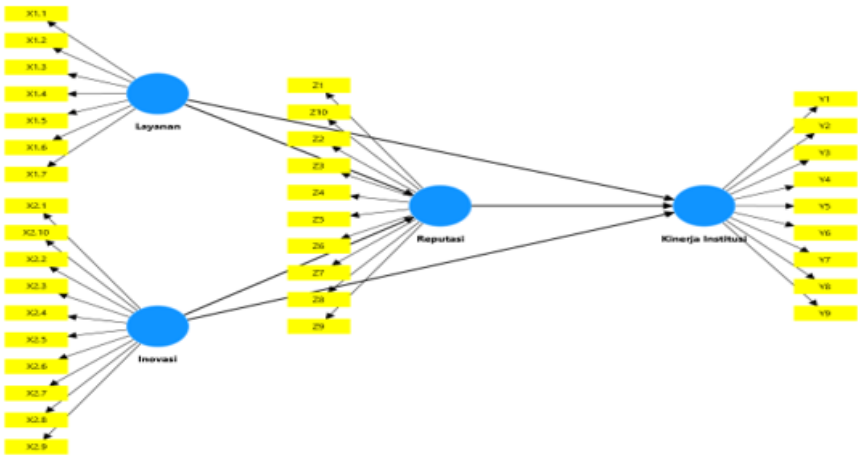


Figure 3. Path Diagram Construction

This figure illustrates a reflective research model, as indicated by the direction of the arrows from the construct to the indicators. This shows that the indicator reflects or manifests the latent construct being measured. This model has four primary constructs: Service Quality, Innovation, Reputation, and Institutional Performance. Each construct has several indicators representing important attributes of the construct. For instance, Service Quality is reflected by indicators X1.1 to X1.7, and Innovation is represented by indicators X2.1 to X2.10. Service Quality and Innovation contribute to the Reputation construct, which influences Performance Institutions, along with direct contributions from Service Quality and Innovation. This model illustrates the causal relationship between the service and innovation dimensions and reputation, which has implications for enhancing institutional performance.

Hypothesis Testing

a. *Direct Influence*

Direct influence testing is carried out to determine the influence of exogenous variables on variable endogens without involving variable mediation. Results testing in Table 4.16 below:

Table 10. Results Coefficient Track and Test Hypothesis

Variables	t- statistic	p -value	Information
Innovation -> Performance Institutions	1,421	0.156	**Not Significant**
Innovation -> Reputation	6,563	0.000	**Significant**
Reputation -> Performance Institutions	4,752	0.000	**Significant**
Service Quality -> Institutional Performance	1,728	0.085	**Not Significant**
Service Quality -> Reputation	**2,948**	**0.003**	**Significant**

Based on Table 10, innovation does not have a significant effect on institutional performance, innovation has a significant effect on reputation, reputation has a significant effect on institutional performance, service quality does not have a significant effect on institutional performance, and service quality has a significant effect on reputation POLIJE.

b. *Indirect Effect*

Indirect influence testing shows the effect of exogenous variables on endogenous variables through mediating variables. The test results are in Table 11 below:

Table 11. Results Calculation Influence No Direct

Variables	t- statistic	p -value	Information
Innovation -> Reputation -> Institutional Performance	3.733	0.000	**Significant**
Service Quality -> Reputation -> Institutional Performance	**2,754**	**0.006**	**Significant**

Referring to Table 11, innovation significantly indirectly affects service quality towards

institutional performance through a significant reputation at POLIJE.

Discussion Results

Direct Effect

a. The Influence of Service Quality towards Reputations

Based on the research results, service quality has been proven to positively and significantly affect POLIJE's reputation. So, H1 is accepted, and H0 is rejected. This result confirms that efforts to improve service quality from administrative services, academic, and facility Supporter contribute directly to forming a positive institution in the eyes of students, older people, partners, and the public. Based on the observation researcher, after using exercise data to validate the research results, it was found that service quality plays an important role in shaping the reputation of POLIJE. The quality of service the institution provides to stakeholders, including students, parents, industry partners, and the wider community, is very important in determining how the reputation of the Polytechnic is formed and widely perceived.

In practice, POLIJE has demonstrated various efforts to increase the quality of its services, like repairing system digital-based academic services, increasing the capacity and responsiveness of teaching staff and power administration, as well as developing a facility campus that is more modern and student-friendly. For example, fast and timely academic and administrative services have become one aspect that has received positive responses from students and industry partners. This phenomenon aligns with the researcher's pre-research observations that public perception of an institution's reputation is greatly influenced by how services are provided consistently and professionally. Stakeholders associate fast, accurate, and human services as a reflection of the institution's quality.

b. The Influence of Innovation on Reputation

Based on the research results, innovation has been proven to positively and significantly influence POLIJE's reputation. Thus, H2 is accepted, and H0 is rejected. This result strengthens the conclusion that various efforts innovative by POLIJE in aspect system, work, and human resource development make a real contribution to forming a positive perception in the eyes of the stakeholders, including students, partner industry, and the public. Based on the researcher's observations after processing the data to validate the study results, Innovation is a strategic element in building the reputation of POLIJE. In practice, POLIJE has developed various initiatives, such as the digitalization of academic services and applied research partnerships with industry, which have increased the competitiveness of graduates and partner trust. The level of partner satisfaction with innovation support also shows a positive trend, reflected by the improved intensity of work and requests towards POLIJE graduates.

Pre-research observations, where an institution's reputation is greatly influenced by the capacity of innovation that is applied in a real and impactful manner. Therefore, the results of this study confirm that POLIJE needs to continue to sustainably strengthen the culture of innovation across all organizational lines, both in academics, partnerships, and technology development, as an important strategy in building and maintaining the institution's reputation. Thus, this study provides empirical evidence that innovation is one of the primary keys to strengthening the reputation of POLIJE at the local, national, and international.

c. The Influence of Service Quality on Performance Institutions

Based on the research results, service quality has been proven to have a positive but not statistically significant influence on the performance of POLIJE Institution. Thus, H3 is rejected. This means that the relationship between quality service and performance institutions is not yet strong enough to be stated as a statistically significant relationship in this study. Based on the researcher's observation, after doing exercise data to validate the research results, it was found that although POLIJE had made various efforts to improve services, there was still a gap between the hope and perception of stakeholders to service. This matter is caused by factors such as a lack of standardization of service procedures, uneven quality of human resources, or limited supporting facilities.

Thus, the results of this study provide important recommendations for POLIJE to continue to make continuous improvements in the service field, including from technical, managerial, and cultural aspects. Repair service will impact improvement satisfaction among stakeholders and can strengthen the institution's overall performance if managed strategically and oriented toward user needs.

d. The Influence of Innovation on Institutional Performance

Based on the study's results, innovation has been shown to positively influence the performance of the POLIJE institution, though not yet significantly. Thus, H4 is rejected. After analyzing the data, the researcher concluded that although POLIJE had implemented various innovative programs, they were not yet fully harmonized and did not directly impact the primary performance indicator. Thus, the results of this study serve as strategic considerations that innovations must continue to be encouraged and integrated comprehensively to guarantee institutional quality. Innovation that only impacts administrative or symbolic aspects is insufficient to improve performance significantly. Conversely, innovations that enhance curriculum quality, industry involvement, and graduate empowerment can directly contribute to institutional performance. Therefore, POLIJE needs to ensure that innovations enhance the quality of institutional output, particularly in matters relevant to education, graduate work readiness, and social contributions, to improve institutional performance significantly and sustainably.

e. The Influence Reputation to Performance Institutions

Based on the research results, reputation has been proven to positively and significantly influence the performance of POLIJE Institutions. Thus, H5 is accepted. The researcher's observations show that institutional reputation has become important in driving performance improvement. For example, recognition from the industrial world of graduate competence impacts increasing employment rates. Likewise, the reputation of the teaching staff and student achievements in competitions can increase stakeholder trust in the quality of education at POLIJE.

Media exposure and innovative achievements also serve as reinforcements in shaping perceptions. Finally, support improvement partnership, the number of applicants, and the institution's position in the national and international vocational education map. Therefore, a strong reputation is not only an output but also a strategic input for sustainably enhancing the

institution's performance. The results of this study confirm that building a positive reputation through strategy branding, concrete achievement, and relationships with stakeholders is an important factor that contributes directly to the success of institutions in various operational and development aspects. Thus, POLIJE must maintain and develop its reputation as a featured vocational institution capable of answering industry needs, empowering competition globally, and being trusted by the wider community.

Indirect Effect

a. The Influence of Innovation on Performance Through Reputation

Referring to the test results, the innovation variable significantly influenced institutional performance through reputation at POLIJE. Therefore, H6 is accepted, and the Ho is rejected. These findings are consistent with the study by Lestari and Suryana (2020), which demonstrated that innovation significantly contributes to enhancing organizational reputation, ultimately impacting the institution's overall performance.

Furthermore, research conducted by Susanti, Yuliana, and Prasetyo (2023) supports the conclusion that when strengthened by innovation, reputation creates a positive institutional image that sustains long-term performance improvements. The role of reputation as a mediating variable is crucial**,** as institutional innovations can foster favorable perceptions among stakeholders, including industry partners, students, and the wider community. A strong reputation enhances trust and facilitates collaboration, essential for achieving institutional performance goals.

b. The Influence of Quality Service on Performance through Reputation

Based on the results of the data test, reputation has a significant influence on performance. Thus, H7 is accepted, and Ho is rejected. According to Rahmawati and Handayani (2022), quality service improves the reputation of institutions and enhances their overall performance. Additionally, according to Wijayanti et al. (2021), public perception of service quality greatly influences an institution's reputation, impacting power competition and performance. Service quality plays an important role in shaping an institution's reputation. When the service fulfills or exceeds the hopes of stakeholders, then reputation will increase.

5. Conclusions

Based on the data analysis and discussions in this research on POLIJE, the following conclusions can be drawn: 1) Service quality significantly influences institutional reputation; 2) innovation positively influences institutional reputation; 3) service quality and innovation directly influence institutional performance; and 4) institutional reputation mediates the influence of service quality and innovation on institutional performance. The results of this study also emphasize the importance of strategic management integrated with data in the management of vocational higher education institutions, such as POLIJE. Based on the research results on the influence of service quality and innovation toward reputation to improve institutional performance at POLIJE, it is recommended that the institution develop a

systematic and measurable long-term institutional strategy.

At POLIJE, the strategy based on the four perspectives of the Balanced Scorecard (BSC) is designed to comprehensively and sustainably improve the institution's performance. The stakeholder perspective focuses on enhancing the reputation and satisfaction of external stakeholders, including students, alums, industry partners, and the general public. This is achieved by strengthening the satisfaction survey system, managing responsive feedback, and promoting institutional achievements at the national and international levels. The internal business process perspective emphasizes the efficiency and effectiveness of academic services. This is achieved through the digital transformation of administrative processes and the establishment of innovation units and applied research incubation platforms. From a learning and growth perspective, the strategy focuses on strengthening HR competencies. A culture of innovation and sustainability is developed through training, capacity development, and incentives for cross-unit research and community service collaboration. Meanwhile, from a financial perspective, Politeknik Negeri Jember aims to improve independent financing and diversify revenue sources by optimizing the contribution of campus business units and implementing a performance-based budgeting system. The integration of these four perspectives is expected to strengthen the institution's national and international competitiveness and lay the groundwork for its transition to State University with Legal Entity (PTNBH) status.

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