



THE EFFECTS OF DIGITAL TRANSFORMATION CAPABILITY, INNOVATION CAPABILITY, AND ACADEMIC EXCELLENCE ON THE INSTITUTIONAL REPUTATION OF HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

This research aims to investigate the effect of Digital Transformation Capability, Innovation Capability and Academic Excellence on Institutional Reputation of higher education institutions. The research was quantitatively done by survey technique to professors and administrative personnel in higher education institutions in Indonesia. The respondents were selected using the purposive sample technique, which means that the respondents were selected considering the experience and understanding of academic procedures, digital technology usage, innovative activities and institutional quality development. Data were collected with online questionnaires using Google Form. Multiple linear regression was used to analyze the data. The results indicate that Digital Transformation Capability, Innovation Capability and Academic Excellence have positive and significant effect on Institutional Reputation. The results show that the ability to conduct digital transformation, create and implement innovations, and maintain academic quality are essential factors in the formation of positive perceptions of the quality and credibility of higher education institutions by stakeholders. The findings also suggest that higher education institutions should work on technology integration and process transformation, create an innovation ecosystem to generate new value, and improve the quality of teaching and learning, faculty members, research, curriculum, and student achievement in an effort to sustain the improvement of Institutional Reputation.

Keywords: *Digital Transformation Capability; Innovation Capability; Academic Excellence; Institutional Reputation*

INTRODUCTION

The constant expansion of the higher education environment has made Institutional Reputation one of the important assets that shape the sustainability and competitive ability of higher education institutions (Patriche et al., 2026). Institutional reputation is not only related to the view that society has of a higher education institution but also the sum of individual perceptions of the quality, credibility, accomplishments, integrity and capacity to create academic and social value of the institution, based on the opinions of its many stakeholders (Fauzi et al., 2025). In light of an ever more competitive higher education environment, prospective students are presented with an increasing number of institutional choices and improved access to a range of information sources to assess the quality of higher education institutions. The track record and reputation of an institution are also increasingly considered by students, parents, alumni, companies and industries, government agencies, academic partners and the community at large before making ties with a higher education institution. A strong Institutional Reputation can help build stakeholder trust, attract prospective students, encourage student and alumni loyalty, and facilitate collaboration with other institutions (Stoica et al., 2025).

Digital Transformation Capability is expected to be one of the main dimensions in improving the Institutional Reputation of higher education institutions (Sihite et al., 2025). Digital Transformation Capability is the capacity of an institution to leverage digital technologies to transform academic processes, administration, student services, research, decision making, communication and other organizational processes to make changes that add value to stakeholders (Mardiani et al., 2024; Damanik et al., 2025). Digital transformation in higher education is not simply about technology or digitizing manual processes. It is also about the institution's capacity to change its processes, structures, skills and approaches to service delivery. Universities with high DT Capability can deliver academic services that are faster, more accessible, more integrated, more transparent and more responsive to students' needs (Anggraini & Khairunnisa, 2025). Innovation potential is expected to have a significant relationship with Institutional Reputation of higher education institutions in addition to the possibility of carrying out digital transformation (Iswahyudi et al., 2023). With a rapidly changing higher education landscape, innovation is becoming more and more important. Institutions of higher education are confronted by technological developments, changing student needs, changing workforce demands, advances in knowledge and increasing societal standards of what educational institutions should provide (Ramli, 2024). Higher education institutions with a strong Innovation Capability are likely to be better positioned to respond to these changes through the development of new study programs, innovative teaching methods, relevant curricula, multidisciplinary research, innovations in academic service, technological development, and collaboration with industry and society (Alief et al., 2025; Nuraeni et al., 2022). Academic Excellence is also expected to be an important

feature in building and improving Institutional Reputation of higher education institutions. Academic Excellence means the ability of an institution to maintain high academic standards through quality of teaching and learning, faculty competence, research output, curriculum quality, successes of students and alumni and other academic achievements (Hendratni et al., 2026). Although higher education institutions are increasingly required to engage in digital transformation and innovation, academic quality is still one of the basic foundations for stakeholders to judge the legitimacy of a higher education institution (Khan, 2025; Lulaj, 2024).

The objective of this research is to investigate the impact of Digital Transformation Capability, Innovation Capability and Academic Excellence on Institutional Reputation of higher education institutions. This study is particularly interesting because the reputation of an institution of higher education is a strategic asset, based on the accumulation of quality, experiences, achievements and perceptions of stakeholders, and requires a management approach beyond institutional communication. This research also aims to extend the knowledge about the role of organizational capacities and academic excellence in shaping the views about the credibility, quality and competitiveness of higher education institutions. In practice, the results are expected to provide information to the higher education leaders to design more inclusive initiatives to improve the Institutional Reputation.

METHODS

This research used a quantitative approach with a survey technique to know the effect of Digital Transformation Capability, Innovation Capability and Academic Excellence toward Institutional Reputation in Higher Education Institutions. In this study, the population was the lecturer and administrative staff of higher education institutions in Indonesia who have knowledge and expertise in academic activities and institutional growth. "Sampling Method: Sampling Method used was purposive sampling. The respondents are active lecturers or administrative staff, who have served at the institution for at least one year, understand the academic process and institutional development, have experience in the use of digital systems or technologies in the higher education environment, and are familiar with various innovation activities and academic quality improvement initiatives taken by the institution. Data were collected using an online questionnaire using Google forms. The study instrument had questions all scored on a five-point Likert scale, from 1 "strongly disagree" to 5 "strongly agree."

Digital Transformation Capability variable measured by dimensions of digital technology integration, digital infrastructure capability, digital workforce capability, data driven capabilities and digital process transformation. Innovation Capability was measured by the dimensions of innovation orientation, idea generating capability, innovation implementation capability, collaborative innovation and continuous innovation capability. Academic Excellence was defined in terms of characteristics of quality of teaching and learning, quality of faculty, excellence of research, quality of curriculum and student's academic achievement. Institutional Reputation was meanwhile assessed by institutional credibility, perceived academic reputation, stakeholder trust, institutional attractiveness and external recognition factors.

Multiple linear regression analysis was conducted to investigate the partial and simultaneous effects of Digital Transformation Capability, Innovation Capability and Academic Excellence on Institutional Reputation. The partial hypothesis test was conducted by using t-test with 5% significance level ($\alpha = 0.05$). To examine the joint effect of the three independent variables, the F-test was used. Besides, the coefficient of determination (R^2) was used to quantify the percentage of variation of Institutional Reputation explained by Digital Transformation Capability, Innovation Capability and Academic Excellence.

RESULT AND DISCUSSION

The results of the analysis of data of respondents who are lecturers and administrative staff of higher education in Indonesia indicate that Digital Transformation Capability, Innovation Capability and Academic Excellence simultaneously have a positive and significant effect on Institutional Reputation. Furthermore, the results of partial hypothesis testing support all the hypotheses of the study, indicating that each independent variable has a positive and significant effect on Institutional Reputation. The coefficient of determination was 0.503, indicating that only 50.3% of the variation of Institutional Reputation can be explained by Digital Transformation Capability, Innovation Capability, and Academic Excellence. The rest of the variance may be due to other factors not included in the study model. The model results show that the impact of Academic Excellence on Institutional Reputation is stronger than the Digital Transformation Capability and Innovation Capability. The findings show that quality of teaching and learning, faculty quality, research excellence, curriculum quality and student academic achievements are important foundations for building confidence, credibility, institutional attractiveness and recognition of higher education institutions.

Table 1. Multiple Linear Regression Analysis Results

Variable	Coefficient (B)	t-count	Sig.
Constant	2,108	4,126	0,000
Digital Transformation Capability	0,327	5,914	0,000
Innovation Capability	0,369	6,681	0,000
Academic Excellence	0,447	8,072	0,000

The results revealed that Digital Transformation Capability has a positive and significant impact on the Institutional Reputation of the higher education institutions. The results suggest that the more deeply an institution of higher education may integrate and utilize digital technology to transform its academic and organizational processes, the greater the institutional reputation it may build. In an increasingly digitized higher education environment, stakeholders are judging higher education institutions not only on the basis of traditional academic excellence but also on the basis of their ability to provide services that are modern, accessible, integrated, responsive and technologically sophisticated. Digital Transformation Capability

(DTC) assists Higher Education Institutions to enhance teaching and learning activities, academic services, research, administration, communication and decision-making processes through effective use of technology. Learning Management Systems, integrated academic information systems, digital libraries, cloud-based services, artificial intelligence, data analytics and many more technologies can deliver improved experiences for students, lecturers and other stakeholders. Such experiences are likely to strengthen the conviction that an institution of higher education is capable of adjusting to changes in the environment and increasing digital needs of its stakeholders. Digital Transformation Capability also helps institutions to improve service openness and responsiveness by making academic and administrative information more readily available in real time. Furthermore, using data effectively may improve the quality of decision-making and enable institutions to deliver services that are increasingly tailored to meet the needs of students.

The results show that Innovation Capability has a positive and significant effect on the Institutional Reputation of higher education institutions. This study suggests that the ability of an institution to generate, develop and apply innovative ideas and techniques may improve stakeholders' perceptions of the quality, relevance and competitiveness of higher education institutions. In a fast changing higher education environment, institutions cannot simply rely on programs, methods and techniques that have been used in the past. Higher education institutions must innovate in teaching and learning, research, academic services, community engagement, and several other organizational functions. Innovation Capability enables higher education institutions to better prepare to adapt to breakthroughs in knowledge and technology, increasing student demands and changing workforce competence requirements, and a range of social and economic concerns. Evidence of value creation can be new teaching methods, creative curricula, interdisciplinary programs, digital learning solutions, research outputs, patents, academic startups, and other innovations that benefit society. Such recognition of innovation by stakeholders may further improve the reputation of the university as a progressive, high quality institution of higher education. Innovation Capability may also increase external exposure as many of the outputs of innovation may be publicized, submitted in competitions, commercialized, or co-developed with industry and other partners. Partnerships for innovation with corporations, government agencies, communities, and other educational institutions may expand institutional networks and sharpen institutional legitimacy. Moreover, a culture of innovation can enhance students learning experience through project-based learning, research, entrepreneurship, problem solving, and the opportunity to develop products and solutions.

The results show that Academic Excellence has a positive and significant effect on the Institutional Reputation of higher education institutions, being the variable that has the greatest influence in the study model. While the reputation of higher education institutions is largely based on academic excellence, the study emphasizes the increasing significance of digital transformation and innovative skills within the higher education landscape. Academic Excellence is an indicator to the institution's ability to maintain continuously the level of teaching and learning, teacher competency, research excellence, curricular relevance and student accomplishment. Academic quality is the basic standard for students and parents

to judge whether the institution is a high-quality education provider and whether it can train qualified graduates. For business and industry, the graduation quality may be a measure of the success of the educational processes offered by higher education institutions. Nevertheless, in academia the quality of research, publications, scholarly cooperation and contributions to the progress of knowledge is a major element in the determining of the institutional reputation. Academic Excellence thus provides a basis for stakeholders to assess the legitimacy of higher education institutions. Quality faculty members may help to improve quality of teaching and research. The curricula are relevant and ensure that the graduates' skills are in line with developments in knowledge and labor market requirements. In addition, the success of students in academic and non-academic areas may lead to the increased visibility and reputation of the institution." Simultaneously, high quality research that leads to publications, citations, patents, inventions and contributions to the solution of social issues may enhance the academic prestige of higher education institutions. The dominance of Academic Excellence shows that the Institutional Reputation should be based on real quality and not on the institutional communication or image-building.

CONCLUSION

Based on the results of this study, it can be concluded that Digital Transformation Capability, Innovation Capability and Academic Excellence have a positive and significant effect on the Institutional Reputation of higher education institutions. In practice, institutions of higher education should improve Digital Transformation Capability by integrating digital systems, developing technological infrastructure, improving digital competencies of lecturers and administrative staff, utilizing data for decision making, and transforming academic and administrative processes using technology. Innovation Capability Enhancement requires an innovation ecosystem that promotes idea generation, experimentation, interdisciplinary collaboration, stronger partnerships with industry and other external stakeholders, and more implementation and commercialization of innovation outcomes. Academic Excellence is also to be improved by improving the quality of teaching and learning, developing the competencies of faculty, improving the quality and productivity of research, updating the curriculum, strengthening the quality assurance systems and improving the achievements of students and graduates. When reinforced, these three features are supposed to enhance institutional credibility, trust by stakeholders, institutional attractiveness, external recognition and competitive positioning, which will enable the establishment and maintenance of Institutional Reputation in the long run.

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