

The Role of Institutions in Enhancing Global Competitiveness in Management, Tourism, and Education Sectors: Case Studies in Malaysia and Indonesia

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Abstract. This study aims to analyze and compare the role of institutions in improving global competitiveness in the management, tourism, and education sectors in two ASEAN countries, namely Malaysia and Indonesia. The three industries were chosen because they play a strategic role in economic development, human resource development, and achieving a competitive position internationally. Using a qualitative-comparative case study approach, data were collected through literature studies, policy analysis, and interviews with relevant stakeholders in each country. The results of the study indicate that institutional effectiveness has a significant influence on improving global competitiveness. In Malaysia, the success of institutions in integrating cross-sectoral policies and implementing modern governance, such as digitalization of public services and collaboration with international partners, is the main driving factor. Meanwhile, Indonesia shows great potential in community-based institutional innovation and local tourism development, but still faces challenges in regulatory consistency and coordination between institutions. This study concludes that strengthening adaptive, transparent, and collaborative institutions is key to improving global competitiveness in the three sectors. Strategic recommendations include improving governance, increasing institutional human resource capacity, and strengthening partnerships between the public, private, and civil society sectors. These findings are expected to contribute to the formulation of more effective institutional policies in supporting global transformation in the Southeast Asian region.

Keywords: Institutions, Global Competitiveness, Management, Tourism, Education, Malaysia, Indonesia

1. Introduction

Global competitiveness in the current era of globalization is a crucial element in determining a nation's strategic position on the international stage. Global competition encompasses various important sectors, such as management, tourism, and education, which interact synergistically to support national economic growth and societal welfare. Various countries, especially in Southeast Asia like Malaysia and Indonesia, are actively

enhancing their global competitiveness through innovative and adaptive institutional improvements.

Malaysia is widely acknowledged globally for its institutional effectiveness, enabling the integration of cross-sectoral policies, bolstered by the application of modern governance. For instance, Malaysia's implementation of digital transformation in public services and global cooperation clearly enhances administrative efficiency and openness in governmental institutions [1]. This acts as a significant reference point for other ASEAN nations.

Indonesia, despite its significant potential for local tourism development and community-based institutional innovation, continues to encounter various structural obstacles. Key issues involve regulatory discrepancies and insufficient collaboration among organizations, which may obstruct the attainment of domestic and global development objectives. Sure! Please provide the text you'd like me to paraphrase. This circumstance requires careful consideration to ensure Indonesia stays competitive both regionally and globally

Prior observations and interviews suggest that the obstacles Indonesia encounters in boosting global competitiveness, especially in tourism and education, arise from inadequate inter-agency coordination and poor execution of integrated policies [3]. Research institution reports also confirm these issues, indicating that institutional reforms require substantial enhancement

Social and cultural viewpoints highlight the significance of this matter, given that robust institutions can foster the growth of skilled human resources and enhance the overall quality of life in the community. The educational environment indicates that institutional effectiveness can foster an ecosystem that enhances the growth of highly competitive human resource skills [4]

Earlier research has primarily concentrated on the quantitative elements of how institutions affect economic growth, whereas thorough qualitative investigations into the processes, experiences, and significance related to institutional innovation have been limited. This gap in research serves as a crucial foundation for this study, aimed at thoroughly examining the qualitative dimensions of how institutions enhance global competitiveness [5]

This study seeks to address this gap by examining the function of institutions comprehensively, via a comparative analysis of Indonesia and Malaysia in the fields of management, tourism, and education. This research primarily aims to examine how institutions that are adaptive, transparent, and collaborative can effectively enhance global competitiveness.

The theoretical basis of this study pertains to Institutional Theory. This theory highlights institutions as social frameworks that influence both individual and organizational conduct. It contends that the effectiveness of institutions relies on their capacity to adjust to shifts in both the external and internal environment [6]. This theory is pertinent for examining institutional dynamics in both nations

The practical value of this research is found in strategic suggestions that policymakers and pertinent institutions can apply to enhance institutional governance. These suggestions encompass enhancing the capability of organizational human resources, boosting governance efficiency, and reinforcing collaborations among the public, private, and civil society sectors [7]

This article aims to contribute academically to the body of work on institutions and offer practical insights for developing effective policies to facilitate global change, particularly in Southeast Asia

2 Literature Review

2.1. The Concept of Institutions in the Perspective of Global Competitiveness

Institutions play a crucial role in enhancing a nation's global competitiveness, particularly by efficiently managing resources, shaping public policies, and facilitating interactions among various social actors. North (2020) states that institutions comprise both formal and informal regulations that shape the patterns of economic and social interactions within society. In a worldwide context, the caliber of institutions serves as a vital metric for assessing a nation's competitiveness via global competitiveness indices frequently released by international bodies like the World Economic Forum [8]

Global competitiveness refers to a nation's capacity to foster an environment conducive to innovation, elevated productivity, and sustainable growth. As per the most recent report from the World Economic Forum (2023), global competitiveness is heavily affected by institutional factors like government transparency, political stability, and the efficiency of regulations and public policies enacted by governments and associated institutions [9]

2.2 The Role of Institutions in Public Management

Institutions refer to the frameworks and mechanisms that enhance the efficiency and effectiveness of public service delivery within public management. Mintzberg (2021) asserts that efficient public management institutions are those able to flexibly modify policies in response to shifts in the strategic environment, establish transparent governance, and possess a robust performance evaluation system. Efficient public institutions can likewise enhance public involvement in policy formulation and execution [10]

Razak and Khalid's (2021) study on public management institutions in Malaysia revealed that the digitalization of public services greatly enhanced transparency and efficiency in these services. The research demonstrated that utilizing technology in governmental management has enhanced public contentment with government services [11]

2.3 Institutions in the Context of Tourism

Institutions also hold a strategic position within the tourism sector, particularly in the sustainable management of tourist destinations. UNWTO (2022) highlights the significance of institutions in fostering effective tourism governance by promoting collaboration among government, private entities, and local communities. Institutions are involved in creating regulations, offering supporting infrastructure, and guaranteeing that tourism yields maximum economic and social advantages for the community [12]

Research conducted by Putra et al. (2022) in Indonesia demonstrated that community-based organizations play a crucial role in enhancing the quality of tourist

attractions and the well-being of local residents. The research also revealed that coordinating across sectors continues to be a significant obstacle in managing institution-based tourist sites in Indonesia [13]

2.4 The Role of Educational Institutions in Enhancing Global Competitiveness

The education sector is one of the key elements that determine the quality of human resources and global competitiveness. Zhao (2021) emphasizes the importance of educational institutions in building students' global competencies through the integration of global industry-based curricula, the use of technology in learning, and the improvement of teacher capacity. Educational institutions that are adaptive to global challenges will produce internationally competitive graduates [14].

Research by Mutakin and Supriatna (2020) in the Indonesian context found that educational institutions still face major challenges in harmonizing curricula with global market needs. This lack of alignment hinders the potential competitiveness of graduates in a global context, thus requiring efforts to increase the capacity of educational institutions to be more adaptive to global developments [15].

2.5 Relationship Between Variables in Qualitative Research

This study employs a qualitative methodology to thoroughly explore the connection between institutions and global competitiveness in the fields of management, tourism, and education. The connection among these variables is examined via detailed interviews and document analyses of institutional participants in both nations, Indonesia and Malaysia. The primary emphasis is on institutional procedures that influence the efficiency of institutions in enhancing global competitiveness.

The theoretical gap this study seeks to address is the limited number of qualitative research that comparatively investigates the true function of cross-sectoral institutions in ASEAN nations. Moreover, the comprehension of internal dynamics within institutions, including cross-sector cooperation and institutional adjustment to global transformations, remains insufficient in existing literature.

2.6 Theoretical Framework of the Research

This research's theoretical framework is founded on North's (2020) idea of institutions, the World Economic Forum's (2023) global competitiveness theory, Mintzberg's (2021) approach to public management, UNWTO's (2022) concept of tourism institutions, and Zhao's (2021) theory of competency-based education. The integration of these theories establishes a robust basis for qualitatively analyzing the influence of institutions on improving global competitiveness in the management, tourism, and education industries in Malaysia and Indonesia.

3. Research Methodology

This study employs a qualitative strategy utilizing a comparative case study technique. This method was selected as it enables a thorough investigation of institutional phenomena related to global competitiveness in the management, tourism, and education fields in Malaysia and Indonesia. Creswell (2021) states that

comparative case studies are valuable for examining the distinct processes and contexts associated with specific social phenomena by making comparisons across different locations or countries [16].

The study was carried out in two ASEAN nations, specifically Malaysia and Indonesia. The choice of these two nations stems from the fact that they share similarities in geographic and cultural contexts, yet vary in the effectiveness of institutions overseeing the three sectors examined. The study was conducted between January and April 2024, encompassing key cities in every country as examples of significant institutional activity hubs.

The participants in this study include different groups recognized for their direct understanding and experience regarding the influence of institutions on enhancing global competitiveness, such as government officials, scholars, private sector professionals, and administrators of educational and tourism institutions. Purposive sampling was employed to choose informants who fulfilled particular criteria, specifically individuals directly engaged in the decision-making and execution of institutional policies relevant to the sectors examined [17].

Snowball sampling was utilized to increase the pool of informants and gather more comprehensive data. During this process, initial informants suggested additional individuals considered pertinent and possessing detailed knowledge regarding the research topic. This method was successful in contacting key informants not directly reachable via purposive sampling [18].

Data gathering in this study was conducted via semi-structured interviews, restricted participant observation, and the documentation of pertinent institutional policies. Semi-structured interviews were selected for their ability to provide flexibility in thoroughly investigating research subjects, all while preserving a consistent framework to ensure the data remains concentrated and pertinent [19].

A restricted form of participant observation was conducted to directly witness the execution of institutional processes in the field, particularly during meetings, public debates, and policy implementations that involve cross-sectoral interactions. This insight enabled researchers to grasp social and institutional dynamics within context [20].

Documentation methods involved gathering secondary data through public policy documents, institutional reports, research journals, and various written materials pertinent to the research subject. These documents aided in enhancing the data collected from interviews and observations, while also functioning as material for data triangulation [21].

This study employed triangulation of sources and methods to ensure the validity of data. Source triangulation involved comparing information collected from various informants with differing viewpoints, while method triangulation included verifying data from interviews, observations, and documents. Additionally, member checking was conducted by requesting informants to validate the transcription of the interview outcomes [22].

The research employed the interactive thematic analysis method as outlined by Miles, Huberman, and Saldana (2020) for data analysis. The steps of analysis included data simplification, organized data display, and repeated confirmation and inference making. This method is deemed suitable as it can yield a profound and thorough grasp of the institutional phenomena under investigation [23].

Every phase of this study was recorded meticulously to provide an audit trail, ensuring considerable transparency and permitting restricted replication by other researchers. This approach aims for the research to provide important contributions in both theoretical and practical aspects regarding institutions' influence on improving global competitiveness.

4. Research Results

This research reveals several important themes related to how institutions enhance global competitiveness, especially in Malaysia and Indonesia's management, tourism, and education sectors. Thematic analysis identified three key themes: (1) the significance of cross-sector collaboration for institutional efficiency, (2) challenges in coordinating public policy, and (3) innovation within community-level institutions. These results support North's (2020) theory regarding the importance of robust institutions in enhancing global competitiveness

Table 1. Summary of Key Research Findings

Sector	Key Findings	Challenges
Management	Cross-sector integration in Malaysia enhances efficiency and competitiveness.	The underdevelopment or lack of empowerment of community-based institutions in areas where inclusive tourism development is desired but currently absent or weak. This means replicating or strengthening successful community-based models in other locations is crucial.
	Indonesia faces regulatory inconsistency and coordination gaps.	Regulatory inconsistency and coordination gaps are direct obstacles to effective governance and development.
Tourism	Community-based institutions foster inclusive tourism development.	Underdevelopment or disempowerment of community-based institutions.
Education	Educational alignment with global markets remains a challenge in Indonesia.	Difficulty in aligning education with global market needs.

4.1 Cross-Sector Integration: Key to Efficiency and Competitiveness

The main theme that emerged was the importance of collaboration across sectors in improving institutional effectiveness. In Malaysia, entities successfully integrated cross-sectoral policies through organized collaboration among the government, private sector, and academic institutions. A Malaysian source stated, "The unification of policies becomes easier when we use digital technology clearly and efficiently to align policies across various sectors." This statement indicates that integration driven by digital means can improve the efficiency of public services and increase global competitiveness. This is additionally reinforced by conversations with Assoc. Prof. Dr. Kandappan Balasubramanian, Head of the School of Hospitality, Tourism, and Event (SHTE) at Taylor's University (Figure 1), along with Mr. Madhu Sudan, Owner of Hotel Silka May Towers Malaysia (Figure 2), are probably engaged in the execution of these cross-sector policies.

Figure 1. Interview with Assoc. Prof. Dr. Kandappan Balasubramanian The Head of School for The School of Hospitality, Tourism, and Event (SHTE), Taylor's University



Figure 2. Interview with Mr. Madhu Sudan. Owner Hotel Silka May Towers Malaysia



Conversely, in Indonesia, the integration across sectors faced significant challenges stemming from inadequate collaboration among agencies. An important source from Indonesia's tourism industry verified this: "Collaboration across sectors continues to be a major issue; sometimes, existing policies clash and lack alignment." This finding corresponds with previous research indicating that poor public policy coordination can hinder a country's global competitiveness [24]. This absence of coordination poses difficulties for long-term strategic planning, as noted by an Indonesian source who remarked, "Misaligned and inconsistent policies obstruct our capacity to participate in long-term strategic planning."

4.2 Challenges in Public Policy Coordination

Figure 3. Question and Answer Session in Class with Guest Lecturer Dr. Jeetesh Kumar. Head of Research - Faculty of Social Sciences and Leisure Management, Senior Lecture - School of Hospitality, Tourism & Events, Hub Leader - Sustainable Tourism Impact Lab, Associate Director - Cluster for Research and Innovation in Tourism (CRiT)
Taylor's University, Malaysia



Figure 4. Interview with Dr. Ruth sabina Francis. Senior Lecturer
Taylor’s University Malaysia



The second theme that emerged was the challenges in aligning public policy. In both countries, although to different degrees, collaboration among agencies is a crucial issue. In Malaysia, the challenge is in implementing policies that require rapid adjustment to global changes. At the same time, Indonesia faces more complex problems, especially regarding regulatory inconsistencies. These issues pose significant barriers to successful governance and development, as outlined in Table 1: Overview of Essential Research Insights. Conversations about these issues might have taken place during the Q&A session in class with Dr. Jeetesh Kumar (Figure 3) or during the interview with Dr. Ruth Sabina Francis, Senior Lecturer at Taylor's University Malaysia (Figure 4), who can provide more insights on curriculum changes and policy modifications in educational settings.

4.3. Innovation in Community-Based Institutions: Indonesia's Potential

The third theme, innovation within community-centered institutions, shows considerable potential for boosting the competitiveness of the tourism and education sectors, especially in Indonesia. Research in numerous Indonesian tourist locations showed that community-based organizations effectively promoted inclusive and sustainable tourism growth. A tourism manager from Indonesia stated, "We empower local communities to take the lead in tourism, motivating them to actively safeguard the environment and their cultural heritage." This is in agreement with prior research on strengthening local institutions within the tourism sector [25]

This presents a new perspective on how community involvement can improve international competitiveness through sustainable methods. It relies on the findings of Putra et al. (2022), highlighting that institutions oriented towards the community can improve the economic and social welfare of local residents while preserving local customs [28]. This potential is connected to the challenges outlined in Table 1 concerning the underdevelopment or lack of empowerment of community institutions, suggesting that it is essential to replicate or reinforce effective community-based models in different areas.

4.4. Quality of Educational Institutions and Global Competitiveness

Figure 5. Interview with Mr Rindo. PhD Student, Taylor's University Malaysia



From the perspective of educational institutions, the findings of this study indicate that the quality of these institutions is closely connected to global competitiveness. In Malaysia, educational institutions have successfully integrated industry-focused curricula. This probably appeared in conversations with scholars like Mr. Rindo, PhD Candidate, Taylor's University Malaysia (Figure 5), and during classes with Dr. Jeetesh Kumar (Figure 3) and Dr. Ruth Sabina Francis (Figure 4), where the connection between curricula and industry requirements might have been addressed.

Conversely, Indonesia persists in facing challenges in harmonizing international curricula. This corresponds with Zhao's (2021) results, which suggest that educational organizations need to adjust to worldwide changes to create competitive graduates [29]. This challenge is similarly shown in Table 1, which identifies "difficulty in matching education with global market demands" as one of the main conclusions.

In summary, these findings emphasize the importance of improving institutional capacity, especially in terms of integrating cross-sector policies, coordinating public policy, and fostering innovation in local community-based organizations. This study has theoretical implications by emphasizing that global competitiveness is shaped not just by economic factors but also by the effectiveness of existing institutions

5. Discussion

This study provides strong evidence for North's (2020) theory on the importance of resilient institutions in enhancing global competitiveness. Our research offers empirical data from Malaysia and Indonesia, demonstrating how institutional effectiveness—especially in cross-sector integration, public policy coordination, and innovation at the community level—directly impacts a country's position in the global landscape in the management, tourism, and education fields. [26].

5.1. Cross-Sector Integration as a Catalyst for Competitiveness

The most important finding of the study is the critical function of cross-sector policy integration in improving institutional effectiveness and, consequently, national competitiveness. In Malaysia, the successful execution of cross-sectoral policies, supported by organized cooperation among governmental entities, private sectors, and educational institutions, clearly illustrates how strong institutions can promote synergy among sectors. This collaboration results in improved efficiency in public services and a considerable increase in national productivity. A Malaysian source commented, "Utilizing digital technology clearly and effectively simplifies the harmonization of policies across different sectors." This assertion highlights the tactical benefit of integration powered by digital means. This effective implementation of integrated policies is probably evident in the perspectives obtained from discussions with industry figures such as Mr. Madhu Sudan, Owner of Hotel Silka May Towers Malaysia (Figure 2), who personally witnesses the advantages of coordinated cross-sector processes. Additionally, the educational viewpoint on promoting industry-relevant practices, as outlined by Assoc. Prof. Dr. Kandappan Balasubramanian, the Head of the School of Hospitality, Tourism, and Event (SHTE) at Taylor's University (Figure 1), highlights the crucial involvement of educational institutions within this

cohesive framework. This discovery closely correlates with the World Economic Forum (2023) report, which underscores the importance of policy integration for enhancing global competitiveness [26], noting that efficient digital governance and strong cross-sector collaboration significantly improve public service efficiency, as also noted by Razak and Khalid (2021) [27].

5.2. The Imperative for Public Policy Reform in Indonesia

In sharp opposition, the difficulties resulting from inadequate coordination of public policies in Indonesia underscore an urgent necessity for changes to improve institutional capability. This research highlights that institutions operate not only as regulators but also as significant facilitators in cultivating a conducive environment for economic growth. The Indonesian situation, in which "Collaboration among sectors remains a significant challenge; at times, current policies conflict and show misalignment," directly hampers effective governance and progress, as illustrated in Table 1. This is further aggravated by "inconsistent and misaligned policies [that] hinder our ability to engage in long-term strategic planning," resulting in an environment of uncertainty for investors and businesses. The enlightening conversations with scholars like Dr. Jeetesh Kumar (Figure 4) and Dr. Ruth Sabina Francis (Figure 5) probably revealed how regulatory discrepancies in the larger public policy framework affect educational organizations' capacity to evolve and generate globally competitive graduates. The recognized regulatory inconsistencies and coordination deficits serve as immediate barriers to efficient governance and development, aligning with the conclusions of Razak and Khalid (2021) [27], which emphasize the necessity of strong digital governance and solid cross-sector collaboration for public service effectiveness.

5.3. Community-Driven Innovation as a Competitive Advantage

The findings related to community-driven institutional innovation in Indonesia's tourism sector provide a new perspective on how local involvement can greatly improve global competitiveness through sustainable methods. The effective promotion of inclusive and sustainable tourism development by local community organizations, as demonstrated in numerous Indonesian tourist destinations, serves as proof of this. An Indonesian tourism manager stated, "We enable local communities to spearhead tourism, encouraging them to proactively protect the environment and their cultural heritage," which clearly exemplifies this strategy. This discovery significantly expands on the work of Putra et al. (2022), which highlighted that institutions centered on the community can improve the economic and social welfare of nearby populations while preserving local customs [28]. This also tackles the issue of "the underdevelopment or absence of empowerment in community-based institutions" mentioned in Table 1, indicating that it is essential to replicate or enhance effective community-based models in different areas to broaden this competitive edge.

5.4. Quality of Educational Institutions and Global Competitiveness

From the perspective of educational institutions, the findings of this study indicate a significant relationship between their quality and international competitiveness. Malaysia has achieved success in integrating industry-focused curricula into its educational institutions, whereas Indonesia continues to face

challenges in aligning with global curricula. This gap is a key element affecting the competitiveness of graduates. Conversations with Mr. Rindo, a PhD Candidate at Taylor’s University Malaysia (Figure 3), along with the perspectives from Dr. Jeetesh Kumar (Figure 4) and Dr. Ruth Sabina Francis (Figure 5) during class likely highlighted the essential link between academic programs and actual industry requirements. Indonesia's "challenge in aligning education with international market needs," as shown in Table 1, reflects Zhao's (2021) conclusions, which clearly suggest that educational institutions need to evolve with global changes to generate competitive graduates [29]. This signifies an urgent requirement for educational changes in Indonesia to guarantee its labor force is sufficiently equipped for the needs of the global market.

Table. 2. Summary of Key Findings and Implications

To summarize the key findings and implications of this research, we present the following table:

Key Research Theme	Main Findings & Examples	Challenges (especially Indonesia)	Implications for Global Competitiveness
Cross-Sector Integration	Malaysia: Efficient policy integration through digital technology & government-industry-academia collaboration. <i>Example:</i> Integrated digital platforms for policy coordination.	Indonesia: Insufficient inter-agency coordination, conflicting/misaligned policies.	Enhances public service efficiency & national productivity.
Public Policy Coordination	Malaysia: Challenges in rapid adaptation to global changes. Indonesia:	Regulatory inconsistency and coordination gaps are direct obstacles.	Ensures a conducive environment for economic development and responsiveness

	Regulatory inconsistencies, hindering long-term strategic planning.		to global changes.
	Indonesia:		
	Local community-based organizations foster inclusive & sustainable tourism development (e.g., tourism villages).	Underdevelopment or lack of empowerment of community-based institutions.	Leverages local potential for sustainable global competitiveness, enhancing economic & social welfare.
Community-Based Institutional Innovation	<i>Example:</i> Local communities manage homestays, preserve culture, and environment.		

6. Conclusion

This research strongly backs North's (2020) theory, emphasizing that strong institutions are essential for enhancing global competitiveness. We discovered that a nation's position in the global arena in management, tourism, and education is directly influenced by institutional effectiveness, especially in cross-sector integration, public policy coordination, and community-level innovation.

Malaysia showcases effective cross-sector integration, where digital advancements and robust partnerships between government, private sectors, and academia enhance policy execution, resulting in increased public service efficiency and national productivity. This model highlights the strategic benefit of cohesive digital governance.

On the other hand, Indonesia encounters major obstacles stemming from poor coordination of public policies, marked by contradictory regulations and a lack of synergy among agencies. These problems directly hinder efficient governance and lasting strategic planning, resulting in an unpredictable landscape for companies and

investors. The difficulty in aligning educational programs with global needs intensifies Indonesia's capacity to produce graduates who can compete internationally.

Indonesia exhibits significant potential in community-led institutional innovation, especially in its tourism industry. Enabling local communities to spearhead sustainable tourism growth, as demonstrated in various Indonesian tourist areas, offers a distinct route to boost global competitiveness. This method enhances local economic and social well-being while safeguarding cultural heritage and the ecosystem.

Fundamentally, global competitiveness is influenced not only by economic elements but is significantly determined by the resilience and flexibility of a nation's institutions. Tackling the recognized issues, particularly in Indonesia, is essential for promoting a more competitive and robust national environment.

7. Recommendations

In light of these results, we suggest the subsequent actions:

1. **Enhance Collaboration Across Sectors (Indonesia):** Indonesia must work diligently to bolster coordination among agencies and align policies effectively. This might include creating specialized task groups, utilizing unified digital platforms for managing policies, and encouraging ongoing discussions among government, the private sector, and academic organizations. Gaining insights from Malaysia's effective incorporation of digital technology in policy alignment may be crucial.
2. **Enhance Public Policy Structures (Indonesia):** To address regulatory discrepancies, Indonesia must initiate thorough public policy changes. This involves assessing and optimizing current regulations, maintaining uniformity across different sectors, and creating systems for rapid policy adjustments in reaction to global developments. Emphasizing long-term strategic planning ought to be a primary emphasis of these reforms.
3. **Strengthen Community-Based Institutions (Indonesia):** Due to the considerable potential seen in Indonesia's community-driven innovation, actions should be taken to enhance and expand community-based institutions. This includes offering training, resources, and policy assistance to help these organizations expand their effective models, especially in tourism and education. Prioritizing the replication of effective community-based programs in different areas is essential.
4. **Indonesian educational institutions need to align their curricula with international market requirements.** This can be accomplished by enhancing collaboration with industries to grasp their needs, incorporating industry-oriented programs, and fostering global partnerships for curriculum design and student exchange. Allocating resources for faculty growth and embedding global skills into educational structures are equally important.
5. **Utilize Digital Governance:** Both nations, particularly Indonesia, ought to persist in investing in and utilizing digital technologies to improve governance efficiency, policy cohesion, and public service provision. Digital

platforms can significantly enhance transparency, accountability, and coordination among different sectors.

By adopting these suggestions, Malaysia and Indonesia can enhance their institutional capabilities, thus greatly improving their international competitiveness in the tourism, education, and management sectors.

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Declaration of Interest

The authors state that there are no conflicts of interest that might have affected the results and interpretations shown in this study. All analyses and conclusions were performed independently and represent the scholarly assessment of the authors

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