PRIVATE UNIVERSITIES’ STRATEGY IN ESTABLISHING COMPETITIVE ADVANTAGES

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Abstract. This research was conducted on private universities in Malang city, East Java Indonesia, which had competitive advantages in various components, especially according to the standard assessment as stipulated in the law issued by the Ministry of Research, Technology and Higher Education no. 44 / 2015. This research was focused on the implementation and control of University Strategy to obtain competitive advantages. It also aimed to analyze the implementation of University strategy in reaching its competitive advantages. The applied theoretical basis refers to the five fundamental factors in the competition (Porter 1993); (1) the coming of new institutions, such as college, institutes; (2) the threat of substitution product (it was replaced by foreign universities looking for market in Indonesia); (3) Suppliers’ bargaining power (school bargaining power; (4) buyers’ bargaining power, (college-graduates users’ bargaining power; (5) the competition among competition participants, (big universities in Malang city). Research Method was applied in accordance with some steps as follows: (1) the conducting of field observation to private university campuses in Malang); (2) the preparing of informants, materials; (3) the conducting of interviews with the parties required by the research (rectorate officials, faculty officers, department officials / institutions in universities, students, college users; (4) the conducting of truth triangulation of epic data from some interviewee; (5) the conducting of data analysis of research data. The results of the research showed the findings that: (1) universities in Malang city have performed good governance according to the rules of the Ministry of Research, Technology and Higher Education; (2) they have different advantages according to the typical characteristics; (3) they have taken progress towards international universities; (4) they seek to create good resources, Islamic ethics and Indonesian culture.

Keywords: University; Strategy; Competitive Advantage; Social Organization

A. INTRODUCTION

1. Competitive Advantage

Competitive advantage is a capability to show the power belonging to everything. Therefore, private universities in Malang should also have competitive advantages. Private universities’ competitive advantages gain great attention in facing the competition to adapt to globally scientific, technological and informatic development. Malang private universities apply competitive advantages by enhancing three fields (education, research, and community service). Such achievement in the three fields represents the outstanding advantages. Research result is one of the main points to prove the strength in competition. Therefore, universities pay specific attention on the research and they give the protection to their intellectual treasure both in the national and international scope.

Educational standard parameter of qualified Higher Education applied in Europe through European Association for Quality Assurance in Higher Education includes: 1.
University internal quality standard consisting of: a) Policy and Procedures for quality assurance; b) approval, monitoring and periodic review of programmes and awards; c) Assessment of students; d) Quality assurance of teaching staff; e) Learning resources and student support; f) information systems; and g) Public Information. 2. University external quality standard: Use of internal quality assurance procedures, development of external quality assurance processes, criteria for decisions, processes fit for purpose, Reporting, Follow-up procedures, Periodic reviews and System-wide analyses (European Association, 2015)

2. Educational Rules in Indonesia

It is very important to apply educational standard parameter for qualified Higher Education in Indonesia so that the Indonesian government has made rules that regulate the standard governance for higher education through the related ministry by products of laws that regulate higher education, and the agency for inspection and assessment on higher education quality through National Accreditation Agency for Higher Education.

The Law No. 12 / 2012 on higher education was the regulation made by Minister of Education and Culture; and Regulation No. 49 / 2014 was aimed to implement the provisions of Article 52 paragraph (3) and Article 54 paragraph (1) letter a of the Law no 12/2012 on higher education, and it was followed by the issued law by the Ministry of Research, Technology and Higher Education no. 44 / 2015, which serves as the basis to realize the good governance in higher education. When there was another phenomenon of a moratorium on private universities, Wiyono delivered the discourse that some good universities in terms of governance order might be given the opportunity to change into state universities (State Higher Education). However, among the 63 private universities in Malang there is not any university which was interested in changing its status to a state university (Jawa Pos Newspaper, 2015 September 22).

B. UNIVERSITY COMPETITIVE ADVANTAGE STRATEGY

1. COMPETITIVE ADVANTAGE STRATEGY

Strategy is derived from the Greek word “strategos” (stratus= military, and “ag” = to lead that means “generalship”). In other words, strategy means something that is done by Generals in their plan to win the war. According to Pearce & Robinson, strategy is defined as a group of decisions and actions that are resulted from the formulated and implemented planning that have been established to achieve corporate objectives (1994: 242).

Hax and Majlus suggested that as a tool a strategy would function effectively if the organization had the resources, skills and abilities to face the environment. Strategy is the right answer towards the opportunities, strengths, weaknesses and challenges that come from a dynamic and volatile environment to the achieve long-term goal within the organization. Barney in 2002 stated that “Strategy is defined as a firm’s theory about how to compete successfully. Similarly with the statement, Hitt, Ireland & Hoskisson defined strategy as follows: Strategy is an integrated and coordinated set of commitments and actions design to exploit core competencies and gain a competitive advantage.

Components of strategy are vision, mission, external environment, profile, analysis and strategic choice, long-term goal, main strategy, annual goal, functional strategy, policy, institutional strategy and control and assessment. In addition to vision and mission, other strategy components will be explained below (Lukiastuti and Hamdani, 2011:15).

Five fundamental competition factors suggested by Porter and five Porter variables are substituted with other variables for the sake of this research. (1) the arrival of new comers, (the educational institutions such as academy/colleges, institutes, Higher Education; (2) the threat of substitution product, (foreign universities that take the market in Indonesia); (3) suppliers’ bargaining power (senior high schools’ bargaining power); (4) buyers’ bargaining power (university-graduate users’ bargaining power; (5) competition among competitors (big universities in Malang City).

In my opinion, based on the various definitions mentioned above, one can conclude that strategy is an integrated and coordinated action pattern chosen by management to
realize the vision and mission of the organization which is then translated into a series of strategic plans called action plan that can be understood and conducted by management, so that it can create competitive advantage for the organization.

2. PRIVATE UNIVERSITIES IN MALANG CITY

Wiyono, as a Professor who served as chairman of APTISI (Association of Indonesian Universities) explained that 63 private universities in Malang still wanted to manage themselves as private universities, because Malang city has enough state universities, namely: Brawijaya University (UB), Islamic State University (UIN), and University of Malang (UM). In Malang city there are also two state polytechnics, namely State Polytechnics of Malang (POLINEMA) and Polytechnic of Healths (POLTEKES) (News paper Jawa Pos, 2015, September 22).

The Government Regulation stipulates that every university must report its academic activities every semester at the longest one month after the academic activity of the semester has ended. However, there are still high scores of universities which have not submitted the report or do not submit it on time. Academic activities that must be reported, among others, are enrolled student data, graduated student data, courses, permanent lecturers, and issued diplomas. The Team of Academic Performance Evaluation on Higher Education of the Ministry of Research and Technology and Higher Education, Supriadi Rustad stated that the performance evaluation team can provide input for the decision making by Kopertis (Coordinator of Private Higher Education) to inactivate universities that are not orderly in giving reports each semester (News paper Kompas, 2015, September 22).

Wijatno thought that a university is considered as having good management if it can fulfill three requirements as follows: (1). Higher Education has obtained institutional accreditation or accreditation of study program from BAN-PT with grade A, or at least B; (2). It has a quality assurance system and an institution of education quality assurance; (3) it owns and operates a reliable operational audit system ensuring that the university is managed with efficient, effective, economic (3E) concepts (2009: 382).

Higher Education is expected to produce experts, scientists, who have the character to always improve the quality of science and technology that can be followed up with implementation. The implementation can be addressed to the world of education, business, government, society, culture and religion (UIN Malang, 2014). In running the management process, universities can refer to (1) Government Regulation (2) Strategic Management Concepts and (3) Good management control, so that they can compete and have competitive advantages by conducting good management process. The Management Process can be done in three levels of management activities: (1) Operational planning and control, (2) Technical planning and management control, (3) Strategic planning (Hariadi, 2005).

In my opinion based on various opinions and discourse about private universities and public universities, one can conclude that: Private Universities is a college that must follow the rules in Indonesia, which in its management always develops science through educational activities, research and dedication society, with social norms, and religion applied in the community and always accommodate the development of technology and science, to give goodness for the stakeholders.

My opinion above connects with the Word of God in Al-Qur’an in the letter Al Baqoroh verse 286, which reads:

لا يكُلف الله نَفساً إلا وسعها فما كسبت وعليها ما كسبت ونِعماً إن نسبنا أو أخطأنا وَلا تحمل عَذاباً إِضْرَاكما خَيْرَنا عَلَى الْأَلْبَيْنِ مِن قَبْلٍ وَلا تَعْفِنَا مَا لا طَاقَة لَنَا بِهِ وَاعْفِ عَنا وَأَغْفِر لَنَا وَارْحَمْنَا أنتَ مَوْلاَنا فَانصُرْنَا عَلَى الْقَوْمِ الْكَافِرِين
"God does not burden a person beyond his capacity; and he gets the reward of his virtue he has cultivated and he gets torture from ugliness (Quran).

C. RESEARCH METHOD

Research Method was applied in accordance with some steps as follows:

1. Preparation Process:
   a. The research preparation process is done: (a) by conducting a survey on the research object consisting of private university campuses in Malang; this aims to obtain various information about the research object (private universities); (b) by preparing any necessary research tool, personnel involved in the data collection, required data, and by making an interview agreement via telephone; (c) the steering and coordination of the personnel that will be involved in the research, and job division in the research data collection at each research object.
   b. By studying any phenomena occurring to private universities in Malang City, East Java Indonesia.
   c. Closed field observation (to campuses of private universities in Malang), by distributing personnel to collect information from students of universities as the research object (e.g.: information of means and infrastructure, admission process of the university, learning process).
   d. The steering on research members of the data collection about the technique of data collection (noting, recording, classifying, encoding) and the required suitable tool to collect information (materials, camera, voice recorder for research interview)
   e. To make an interview schedule and later conduct interview with parties needed in the research at the agreed tune (rectorate officials, faculty officials, department/institution official of the universities, users of university graduates.

2. Operational Process:
   a. Deep observation and interview towards students, rectorate officials, faculty officials, department/institution officials at the universities, users of university graduates).
   b. The conducting of confirmed interview and matching the information obtained from the interview by way of doing triangulation of epic data truth from some informants (competitors, students, university graduate users, names of partner institution).

3. Process of Data processing and data analysis:
   a. The checking process of data validity by: (a) checking the completeness of interview answers; (b) by confirming answers with other informants; (c) cross-checking / asking the leaders, participants, other informants.
   b. Conducting the data analysis of notes, recordings, photographs, and data classification, and the encoding (such as: data types obtained from surveys, observations, and interviews).
   c. Analysis was done to see long-term goals, strategy formulation, strategy implementation, pride of competitive advantages possessed by each research object and the achieved implementation results.
   d. Analysis on private universities’ chosen strategies in this study by viewing two basic problems: (1) What strategies were most effective in building a sustainable competitive advantage for business units at universities; (2) Is it urgent for universities in establishing strategy by providing dominant services to create and build value and competitive, advantage? (Pearce and Robinson, 2014: 242).
   e. Analysis on the five fundamental factors in competition proposed by Porter; (1) Entry of newcomers; (2) Substituting-product threats; (3) suppliers’ bargaining power; (4) Buyers’ bargaining power; (5) Competition among competitors (Porter, 1993:4).

D. RESULT AND DISCUSSION

Proceeding Homepage: http://conferences.uin-malang.ac.id/index.php/icied/index
The result of research on the studied objects including Muhammadiyah University of Malang, Malang Islamic University, Merdeka University of Malang, Widyagama University of Malang was then analyzed by referring to Five Fundamental Factors in the competition proposed by Porter and Porter five variables were replaced with other variables for the purposes of this study; (1) the entry of new comers (it was replaced with higher education in the rank with college, institute, higher school; (2) substituting product threat (it was replaced with foreign universities looking for market in Indonesia); (3) bargaining power of suppliers (it was replaced with the bargaining power of senior high schools and others of similar rank; (4) Buyers’bargaining power (bargaining power of college graduate users); (5) Competition among competition participants, (big universities in Malang city).

1. University Muhammadiyah of Malang

The research findings at the University of Muhammadiyah Malang (UMM):

a. Vision, mission, and objectives: The University of Muhammadiyah Malang is the best private university in East Java Indonesia for seven consecutive years (2008 to 2014), and it continues to attempt to be an international university (world class University).

b. It has accreditation for institution and majors with good and excellent grades; it has Post Graduate (S2) and Strata 3 (S3 / Doctoral), and it has many faculties and departments that provide the fields of sciences relevant with the current time and the long term which can keep pace with technological developments.

c. It has partner of prospective student provider (Muhamadiyah Senior High Schools and Senior Vocational Schools)

d. It has Partner Users of the graduates from Muhammadiyah university (among others in: trade, agriculture, engineering, health, and management)

e. It has business units that are academic, general and religious (Student dormitories, hotels, hospitals, farms, agriculture, trade, gas stations and mosques)

f. It can create Islamic academic culture at Muhamadiyah University of Malang.

g. Competitive advantages possessed by Muhammadiyah University of Malang, among others, are supported with good facilities and academic infrastructure, the great number of partners, the great number of business units, the strong Muhamadiyah network; among others, it is realized with the relationship Silaturokhim with Muhamadiyah organization

University of Muhammadiyah Malang, is a superior university viewed from six points of the findings in this study. Muhammadiyah University of Malang has been run in accordance with the rules that exist in Indonesia in accordance with the rules of Ministry of Research, Technology and High Education.

Muhammadiyah University of Malang can demonstrate the competitive ability on the international level viewed from of the five points of competitive forces (1) Entry of newcomers, (Muhammadiyah University of Malang is able to face universities at the level of academy, institute, High School, because of the number of courses and the good facilities and academic infrastructure (2) The threat of substitution products (it is replaced by foreign universities looking for markets in Indonesia), because Muhammadiyah University of Malang is able to provide scholarships that are relevant for beprestasi students' prestige and it can help channel outstanding graduates to the world of work so that students do not have to choose overseas schools; (3) Suppliers’ bargaining power, ( senior high schools' bargaining power), because University of Muhammadiyah Malang is able to establish partnership with senior high schools and vocational schools of Muhammadiyah which provides prospective students; (4) Bargaining power of Buyers (bargaining power of users of university graduates), because Muhammadiyah University Malang can create partnership with guarantee to accept the excellent graduates of Muhammadiyah University; (5) Competition among competition participants (big universities in Malang city), because Muhammadiyah University of Malang can provide university academic and specific excellences that other private universities in Malang cannot provide.

2. Islamic University of Malang

Research Findings at Islamic University of Malang (UNISMA)
a. **Vision**: In facing globalization era Malang Islamic University becomes an excellent university of international standard, future oriented in science and technology, for the benefit of the people and based on Islamic moral guides and Ahlusunnah waljama’ah. **Mission**: To improve the quality of education, research, community service, with the priority for the benefit of the people welfare toward the university of international quality (world class University). **Objectives**: the Developing of university management accountable with public image and good governance (the motto: From NU for world civilization).

b. It has accreditation of institution and majors that show good and excellent grades, and it has Post Graduate Program (S2) and Strata 3 (Doctoral / Doctoral), and it has many faculties and departments that provide the fields of sciences relevant with the current time and long term which can keep pace with the technological development.

c. It has partner of prospective student provider (Senior High Schools and Vocational Schools of Nahdhotul Ulama and other Islamic schools).

d. It has partner users of the graduates from Unisma (among others in: trade, agriculture, engineering, health, and management).

e. It has business units that are academic and general (ma’had, hotels, hospitals, farms, agriculture, trade and mosques).

f. **Competitive Advantages of Unisma**: Interwoven organization of Nahdhotul Ulama. creates an academic culture with prayers in congregation in the campus mosque / place of worship provided. It has good academic facilities and infrastructure, many academic business units.

Islamic University of Malang, is a superior university viewed from the five points of the findings in this study. Islamic University of Malang, has been run with the rules that exist in Indonesia in accordance with the rules of Ministry of Research, Technology and Higher Education. Malang Islamic University can demonstrate the competitive ability in international level viewed from the perspective of the five competing forces (1) The entry of newcomers, (Islamic University of Malang, is able to face the higher educations with the level academy, institute, Higher School, because of the great number of courses and the good facilities and academic infrastructure) (2) The threat of substitution products (it is replaced by foreign universities looking for markets in Indonesia), because the Islamic University of Malang, is able to provide scholarships that are relevant for prestigious students and help channel outstanding graduates into the work world, so students do not have to choose foreign universities (3) The bargaining power of suppliers, (senior high schools’ bargaining power and the equivalents), because the Islamic University of Malang, is able to establish partnerships with senior high schools and vocational schools of Nahdhotul Ulama which provide prospective students; (4) Bargaining power of Buyers (bargaining power of users of University graduates), because Islamic University of Malang is able to establish partnership with companies that will guarantee to accept its prestigious graduates; (5) Competition among competition participants (big universities in Malang city), because Islamic University of Malang is able to provide universities’ specific academic advantages that can not be provided by other private universities in Malang city.

### 3. **Merdeka University of Malang**

Research Findings at Merdeka University of Malang:

a. **Vision**: Merdeka University of Malang manifests into Enterpreneur University, **Mission**: Merdeka University of Malang is able to utilize and seize opportunities in global competition towards world class University. **Objectives**: To develop sciences in the field of enterpreneur, technology, art, and culture to improve the life of the community by providing mental guidance to handle four areas (market, capital, human resources and technology). To produce qualified human resources, ethics, culture academic enterpreneur.

b. It has accreditation for institutions and majors that show good and excellent grades, and it has PostGraduate program (S2) and S3 (Doctoral), and it has many faculties and
departments that provide fields of sciences relevant with current time and long term which can keep pace with technological developments.

c. It has partner suppliers of prospective students (high schools and vocational schools)

d. It has partner users of graduates from Unmer (among others in: trade, agriculture, engineering, and management).

e. It has academic and general business units (farms, agriculture, trade and mosques)

f. Excellences of Merdeka University of Malang: In the field of research there are four studies of research, educational studies, economics, health and environment, which are used as the basis in designing the umbrella of enterpreneur research, trade. Unmer has many research partners.

Merdeka University of Malang, is a superior university seen from the five points of the findings in this study. Merdeka University of Malang, has been run with the rules that exist in Indonesia in accordance with the rules of the Ministry of Research, Technology, and Higher Education. Merdeka University of Malang can demonstrate the competitive ability in international level viewed from the perspective of the five competing forces: (1) Entry of newcomers, (Merdeka University of Malang is able to face universities at the level of college, institute, High School, because of the great number of study programs and good facilities and academic infrastructure; (2) The threat of substitution products (it is replaced by foreign universities looking for markets in Indonesia), because the University of Merdeka Malang, is able to provide relevant scholarships for prestigious students, and it helps channel outstanding graduates into the workplace, so that students do not have to choose foreign universities; (3) The bargaining power of suppliers, (bargaining power of high schools and its equivalents), because the University of Merdeka Malang, is able to establish partnerships with senior high schools and vocational schools in East Java, which provides prospective students; (4) Buyers’ Bargaining power (bargaining power of users of university graduates), because Merdeka University of Malang is able to establish partnership with companies that guarantee to accept the prestigious graduates of Merdeka University of Malang; (5) Competition among competition participants (big universities in Malang city), because Merdeka University of Malang is able to provide university academic excellences with enterpreneur characteristics that can not be provided by other private universities in Malang City.

4. Widyagama University of Malang

Research Findings at Widyagama University of Malang

a. Vision: University of Widyagama Malang becomes a typical university of enterpreneurship in Malang city that is capable of facing globalization era in order to be able to utilize and seize opportunities in global competition. Mission: Widyagama University becomes a University of go research and enterpreneurship, Dignity and Self-Reliant up to year 2035-2045 to world class University. Objective: to Develop a superior science with characteristic competence (basic information and technology, Computer, enterpreneurship, english conversation) to improve people's life by providing mental improvement, to produce qualified human resources, dignified, characterized with Indonesian culture and able to compete in the global era.

b. It has accreditation of institutions and majors that show good and excellent grades, and it has Postgraduate program (S2) and have many faculties and departments that provide the relevant scientific fields with current time and long-term ones that can keep up with technological developments.

c. It has partners of prospective students (Widyagama Senior High School)

d. It has partner Users of graduates of Widyagama University from alumni network (among others in: trade, agriculture, engineering, and management)

e. Competitive advantages of Widyagama University: it has advantages with a distinctive curriculum and it provides a Certificate of expertise as a diploma companion. It is a letter describing the area of expertise; agriculture, engineering, law, economics, partners of the alumni network.
Widyagama University of Malang, is a superior university viewed from the five points of the findings in this study. Widyagama University of Malang has been run with the rules that exist in Indonesia in accordance with the rules of the Ministry of Research, Technology, and Higher Education.

Widyagama University of Malang is can demonstrate the ability to compete on the international level viewed from the perspective of the five competing forces (1) The entry of newcomers, (University of Widyagama Malang is able to face other higher education in the level of college, institute, High School, because it has great number of courses and good facilities and academic infrastructure; (2) The threat of substitution products (it is replaced by foreign universities looking for markets in Indonesia), because Widyagama University of Malang is able to provide scholarships that are relevant for prestigious students, and it can help channel outstanding graduates into the workforce so that students do not have to choose foreign universities; (3) Suppliers' bargaining power, (bargaining power of high schools and its equivalents), because Widyagama University of Malang is able to establish partnership with Widyagama senior high schools senior vocational school in East Java, which provide prospective students; (4) Buyers' bargaining power (bargaining power of users of University graduates), because Widyagama University Malang can establish partnership companies with guarantee to receive prestigious graduates of University of Widyagama Malang ; (5) Competition among competition participants (big universities in Malang city), because Widyagama University of Malang is able to provide advantages academically with the certificate of graduates’ skill that has not been provided by other private universities in Malang City.

D. CONCLUSION

The research finally found some research results and concluded that

1. Private Universities in Malang city were managed according to the law of Ministry of Research, Technology, and Higher Education applied in Indonesia, proved by accreditation value for Institution (Higher Education) and Accreditation for each Study Program in Faculty.

2. Private Universities in Malang city have developed researches by establishing the department of research or the research institution, and it will get self-reliant predicate, main predicate, medium predicate. The predicate is obtained by making Major Research Plan, and by doing any programs of research, monitoring, and evaluation on the research that have been done. In addition, the research administration is also conducted, which includes schedule, proposal, research report, and it helps to get intellectual treasure rights.

3. Private universities in Malang have done the community service program by doing some activities involving the society, for example, the renovation of house belonging to poor people; by accompanying the micro business and creative business in the form of partnership. This aims to develop and improve the business. The community service also gives educational contribution. The university own national predicate in the field of community service that includes: economic field, health, and environment education

4. Private universities in Malang City have realized strategic steps for higher education as it has been formulated in the establishment of Vision, Mission, and long-term goal. The realization of the strategy begins with the composition of organizational structure of higher education that consists of Rectorate, faculty structure, department structure in the university, and the religious and social department, and department of business units (hospital, mosques, sport centers, hotels/ inns, boarding houses, Islamic cottages, and gas station.

5. Private universities in Malang City have run the organization according to the organizational rules that protect them (such foundations, religious organization).

6. Universities have created the graduates’ character based on culture, religion (Muhammadiah and Nadhatul Ulama) and Indonesian values.

7. Private universities in Malang City have had competitive power.
E. SUGGESTION

The research was conducted by employing ten people that were organized in the data collection. For further research, there should be more people involved. The research used documenting tools that consisted of photo camera and voice recorder. Therefore, it is suggested for further research to use more complete tools in the data collection, observation and interview. The research only spent short time. Thus, it is suggested to spend longer time for continuous observation. The research employed five informants for each university. Therefore, the confirmation on the truth of data was less satisfactory to obtain deep information. It is suggested to use more informants for further research.

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