

The Effect of Competitive Advantage Strategy And Core Competencies To The Reputation of Bachelor Degree Management Program Held By Private Universities In Jakarta

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ABSTRACT

Nowadays the competition to get new students for studies in Bachelor Degree of Management courses in Kopertis Jakarta Region III requires PTS (Private University) is more intense. Secondary data indicate a decrease of students's interest choose Bachelor Degree Management courses.

The aims of this study is to get an analysis of competitive advantage strategy formulation, core competencies, and the effect on the reputation of Bachelor Degree of management courses in Kopertis Region III.

This research is descriptive and verification. The unit of analysis is the study program while the structural unit of observation is the official study program in environmental management Bachelor Degree Kopertis III. The research data is secondary data and primary data, both the data are cross sectional. Secondary data came from the Directorate General of Higher Education, while the primary data collected through a survey to structural officer courses Bachelor Degree which is selected as a sample by using a questionnaire. The number of samples based on the method of Slovin is the unit of analysis that is 75 Bachelor Degree Management courses, and unit observation whereas as many as 75 people structural officials. Hypothesis testing is done with statistical method by descriptive research and methods Partial Least Square (PLS).

The results of the study show that (1) Bachelor Degree management courses in environmental of Kopertis PTS III Jakarta able to formulate a strategy of competitive advantage, utilizing core competencies, to enhance the value of a positive reputation in the eyes of the public; (2) simultaneously competitive advantage strategy and core competencies proven effect on reputation, but partially competitive advantage strategy dominantly affects the reputation.

Keywords: Competitive Strategy, Core Competencies, Value Innovation, Reputation

I PRELUDE

1.1 Research Background

The competition to get new students is more and more tight in Bachelor Degree management courses of Kopertis PTS III Jakarta, Banten, Jawa Barat due to the location between college are relatively close each other and the access of transportation infrastructure are good. The Students stay in area of Jabodetabek (Jakarta, Bogor, Depok, Tangerang, dan Bekasi), Serang, and Karawang commonly use the transportation facility such motorcycles, cars, busses, and *commuter line* to get to their university. The competition between the private college is getting more tight.

The situation of competition between private universities in Province DKI Jakarta, both between the Bachelor Degree of Management and another program as competitor, indicated the need for a variety of managerial effort if the universities/colleges do not want to shut down

due to lack of students. Such efforts should be focused on the efforts to make students interested in courses of Bachelor Degree of Management

The Preliminary survey conducted in 2013 in 50 manager of Bachelor Degree of Management, shows that most managers still weak to make efforts so that the public interested in the study program that is managed. Shamma (2012: 156) stated that the definition of a company's reputation is the public's view of a company that is considered good, or not only seen globally on matters such as openness, and other qualities that can be regarded as the views on the basis of company's steps.

Lack reputation of Bachelor Degree of Management, allegedly because the study program managers have not applied the competitive advantage strategy appropriately. According to Trustrum and Wee (2007: 8) the competitive strategy can reduce costs and increase the benefits of education services is an institution of higher education, so as to create value innovation. In creating a competitive strategy that many colleges highlight some of their flagship programs, including international certification, cooperation with industry, and international cooperation. International certification could be a recognition of foreign professional organizations (eg any business program that claims to obtain recognition of AACSB, the American Association of Colleges and Schools of Business) or a certification of quality control that is usually done in the industrialized world (there are some private universities who have obtained ISO 9001).

In addition, there also a weakness indication in the existing core competencies in Bachelor Degree of Management, in Jakarta and surrounding areas. Awang, Mohammed, and Sharil (2011:243) explains that the core competence is the ability, skills, and knowledge of units of college as a basis for creating an organizational innovation. Based on that statement, it can be said that the lack of reputation of Bachelor Degree of Management, tend to be caused by the use of core competencies are not optimal.

Based on the above statements, it is important to make a study regarding the the influence of competitive advantage strategy and core competencies to the reputation Bachelor Degree of Management at private universities in the area of Jakarta. The research paradigm illustrated below:

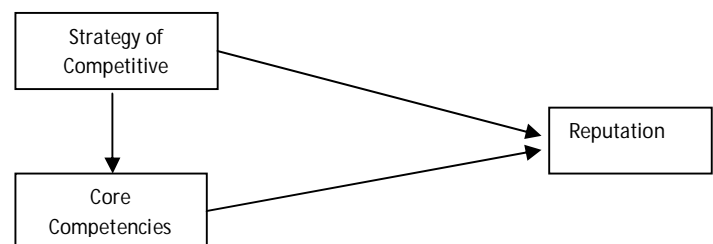


Figure 1.1 : Research Paradigm

1.2 Literature

Tavitiyaman, Qu, and Zhang (2011: 650) stated that strategy of competitive advantage is a strategy to win the competition by creating superior value for customers. Competitive strategy consists of brand image strategy, human

resources strategy and information technology strategy

Bennett and Smith (2002: 75), competitive advantage is advantage achieved superior customer value by creating a competitive strategy to achieve the ability and growth. Chen dan Chang (2011: 5738) “*core competence has become a popular term in business discipline, however, the meaning of the “core” term is still unclear because it is loosely used in a variety of way*”.

Chen and Chang (2011: 5740) *competitive advantage that organizational capabilities that advantageously integrate, reconfigure, gain and release internal resources to match or even create market change and lead to organizational competitive advantage.*

According to Wheelen & Hunger (2012: 138) “*Core competency is a collection of competencies that crosses divisional boundaries, is widespread within the corporation, and is something that the corporation can do exceedingly well*”. Hu dan Lin (2011: 4229) divided core competency into four dimensions that are *interpersonal communication, professional field, job attitude, and higher education*

Iwu and Egwuonwu (2011:200) proposed ten components of corporate reputation, yaitu *quality of employees, quality of the management, financial performance, quality of product and services, market leadership, customer orientation or focus, attractiveness or emotional appeal of the organization, social responsibility, ethical behavior, dan reliability.*

Barron dan Rolfe (2011: 15) *proposed corporate reputation performance “the generic concept of Warmth exhibits a similarly high face validity when compared to Fombrun’s remaining pillars, including: emotional appeal, social responsibility and workplace”.* Burke, Martin, and Cooper (2011: 9) corporate reputation can be measured by six components : *responsibility, communications, product and service, talent, financial measurement, dan leadership.*

Chun (2005:102) measured corporate reputation through : *Emotional Appeal, Product and Services, Financial Performance, Vision and Leadership, Workplace Environment, Social Responsibility.*

1.3 Objectives

The objective of this study is to get assessment regarding the influence of strategy of competitive strategy and core competencies on reputation of Bachelor Degree of Management in Private Universities in Jakarta.

II METHOD

2.1 Method Technique

The nature of this study is descriptive and verificative, therefore the method is descriptive method and explanatory survey method. Descriptive is to obtain a description of variables characteristics. Verificative essentially wanted to test the truth of a hypothesis in which the data for hypothesis is gathered from the field. Unit of analysis are the study program. Observation unit is structural official of of study program of Bachelor Degree of Management in Kopertis Area III. Time horizon was cross-

sectional, where the study was conducted at a single period of time simultaneously.

2.2 Sample Determination Techniques

The number of samples based on the method of Slovin is the unit of analysis that is 75 Bachelor Degree Management courses , and unit observation whereas as many as 75 people structural officials.

2.3 Hypothesis Testing Design

Consistent with the objectives of this study and limited sample size, hence the analysis design was using PLS (Partial Least Square) model that show that strategy of competitive advantage and core competencies can improve reputation.

III. DISCUSSION

The Table 4.1 below reveals the testing result of hypothesis 1 :

Table 4.1. Testing Result of Hypothesis 1

| Hypothesis 1 | Remark | Average | T count | Conclusion |
|--------------|--|---------|---------|-------------|
| A | The study program of Management bachelor Degree in private universities in di DKI Jakarta able to formulate the competitive advantage strategy | 3.5048 | -10.542 | Significant |
| B | The study program of Management bachelor Degree in private universities in di DKI Jakarta able to utilize core competencies | 3.5203 | -8.840 | Significant |
| C | The study program of Management bachelor Degree in private universities in di DKI Jakarta able to improve the reputation in the public eyes. | 3.4577 | -11.139 | Significant |

Refer to Table 4.1 above, it seen that all of the variables have the average score < 4 , and all are not significant , so that can be concluded that sehingga **Hypothesis 1 rejected**. It shows that generally all of that variables not yet optimally responded by the official .

Goodness of Fit Test

This part will discuss the result of research in verificatif through hypothesis using Partial Least Square (PLS) model..

In PLS, model estimate evaluation conducted through two analysis, namely inner model and outer model.

Measurement Model (Outer Model)

Outer Model shows the relationship between the indicators and latent each variables. The analysis aims to describe the validity of indicator used to measure each of latent variables (Construct). **Measurement Model analysis consist of the value of discriminant validity, loading factor, Construct Validity and Composite Reliability**. One indicator is valid if has *loading factor* > 0,5 to the construct. The Output Smart PLS for *loading factor* give the result below:

Table 4.2
Outer Loading and the Value of t_{count} of Construct of : Competitive advantage strategy, core competencies, and reputation

| Outer model | λ (loading factor) | Standard Error (SE) | T Statistics ($ \lambda/SE $) |
|---|-------------------------------|---------------------|------------------------------------|
| Operational cost-leadership <- Competitive advantage strategy | 0.913 | 0.016 | 55.364 |
| Quality uniqueness of study program <- Competitive advantage strategy | 0.883 | 0.028 | 31.730 |
| Flexibility strategy <- Competitive advantage strategy | 0.913 | 0.020 | 46.552 |
| Interpersonal Skill <- Core competency | 0.910 | 0.018 | 50.734 |
| Professional field <- Core competency | 0.833 | 0.041 | 20.551 |
| Job attitude <- Core competency | 0.825 | 0.036 | 22.644 |
| Higher education <- Core competency | 0.919 | 0.022 | 41.830 |
| Emotional appeal <- Reputation | 0.860 | 0.039 | 22.066 |
| Product and service <- Reputation | 0.874 | 0.028 | 31.079 |
| Financial performance <- Reputation | 0.855 | 0.033 | 26.144 |
| Vision and leadership <- Reputation | 0.928 | 0.012 | 79.605 |
| Workplace Environment <- Reputation | 0.804 | 0.038 | 21.106 |
| Social responsibility <- Reputation | 0.893 | 0.027 | 33.118 |

Source: Primary data processed by Smart PLS

From the Table 4.2 above, can be seen that the each validity of sub variables in the formation of the latent variable competitive advantage strategy. Flexibility strategy and operational cost leadership are two sub variables which the biggest *loading factor of* indicator of 0,913 in formation of the variable competitive advantage strategy. Meanwhile the quality uniqueness of study program has *loading factor of* 0,883 as the smallest validity.

In the latent variable of competencies, Higher Education is a sub variables as indicators with the biggest validity loading factor of 0.919, while Job Attitude with loading factor of 0.825. In the formation of the latent

variable value innovation, trialability is sub-variables as indicators of the greatest validity with loading factor of 0.902 and Compatible had a loading factor of 0.824 has the smallest degree of validity.

In the latent variables reputation, Vision and leadership is a sub-variables as indicators with the greatest validity loading factor of 0.928.

Furthermore, reflective indicators also need to be tested discriminant validity by looking at the value of the square root of average variance extracted (AVE). The recommended value is above 0.5. The reliability test performed by looking at the value of the block of composite reliability indicators that measure the construct. The results will show the composite reliability satisfactory if the value above 0.7. The reliability test can also be reinforced with Cronbach's Alpha with the recommended value is above 0.5. After the models were estimated meet the criteria of Outer Model, subsequent perform the testing of structural models (Inner models). More results of AVE testing, composite reliability, R square, Cronbach Alpha, Commuality and Redundancy on Testing Hypothesis 2 can be seen in Table 4.3.

Table 4.3
Testing result of AVE, Composite Reliability, Cronbach Alpha, & Redundancy

| Latent variables | AVE | Composite Reliability | Cronbachs Alpha |
|--------------------------------|-------|-----------------------|-----------------|
| Competitive Advantage Strategy | 0.816 | 0.930 | 0.887 |
| Competencies | 0.762 | 0.927 | 0.895 |
| Reputation | 0.756 | 0.949 | 0.935 |

Source: Primary data processed by Smart PLS

The table above showed that the estimation model fit the outer model criteria, where the *composite reliability* of all constructs are greater than 0,7, Thus Cronbachs alpha value greater than 0.5. So it can be concluded that the outer and inner model of the model is fit.

Structural Model Analysis (Inner Model)

Analysis of inner model (structural model) is an analysis that shows the relationship between the latent variables. To demonstrate the model as a whole is acceptable or not by using the goodness of fit model. Goodness of fit test is to prove the hypothesis that the theory used in accordance with empirical data, or theories are supported by the data (model fit to the data).

Inner models is evaluated using Goodness of Fit Model (GoF), which shows the difference between the observed values and the values predicted by the model, the GOF value close to 1 means that the model fit, values above 80% is considered good. Here is the GoF value and Q-Square on the construct:

Tabel 4.4
R square, Communality & GoF

| Latent variables | R Square | Communality | GoF |
|--------------------------------|----------|-------------|-------|
| Competitive Advantage Strategy | | 0.816 | 0.805 |
| Comepetencies | | 0.762 | |
| Reputation | 0.929 | 0.756 | |

Source: Primary data processed by Smart PLS

The above table gives the critical value to test whether the models GoF value greater than 0.8 and close to 1, which means that the model of research has been supported by empirical conditions or model is fit.

The following figure shows the results of model testing by using the Smart PLS 2.0 as follows.

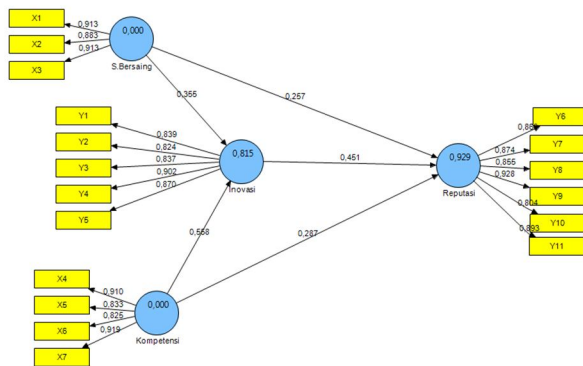


Figure 4.1.

Entire PLS model on Standardized Model Analysis

(PLS Algorithm)

Meanwhile, in order to determine the significance of the effect of independent variables on the dependent variable, the PLS model t-value (PLS Bootsapping), can be seen in the following figure:

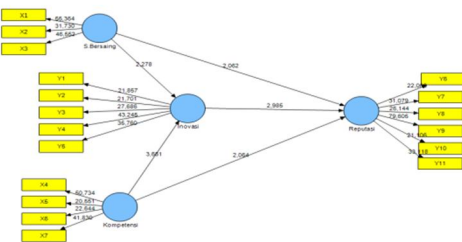


Figure 4.2.

Entire PLS Model on Analysis of t-value (PLS Bootsapping)

The effect of competitive advantage strategy and core competencies simultaneously to reputation can be seen in the following equation:

Table 4.5
Simultaneous Testing of Variables Competitive Advantage Strategy and Core Competencies on Reputation

| Variables | Reputation | Determination | F Value | Other factor |
|--------------------------------|------------|---------------|---------|--------------|
| Competitive advantage strategy | 0.257 | 0.929 | 310.859 | 0.071 |
| Core competencies | 0.287 | | | |

Source: Primary data processed by Smart PLS

Simultaneous calculation results show that the value of $F > 2.73$ (F table on $\alpha=0,05$), so it can be concluded that there is simultaneously significant influence of variables competitive advantage strategy and core competencies on the reputation with R^2 of 92.9% so the influence of other factors (epsilon) to reputation is at 7.1%.

Table 4.6
Partially testing of Variables Competitive Advantage Strategy and Core Competencies on Reputation

| Inner model | γ (the estimated parameters) | Standard Error (STERR) | T Statistics ($\lambda/STERR$) |
|----------------------------|-------------------------------------|------------------------|----------------------------------|
| CA Strategy -> Reputation | 0.257 | 0.125 | 2.062 |
| Competencies -> Reputation | 0.287 | 0.139 | 2.064 |

From Table 4.6, it is known that the effect of competitive advantage strategy on the reputation of the value of t (2,062 > 1.99) is positive and significant, effect of the core competencies on the reputation of the value of t > 1.99, so it can be concluded that there are significant effect simultaneously and partially of competitive advantage strategy and core competencies on the reputation.

Overall, if seen from the effect of competitive advantage strategy and core competencies on the reputation, then the effect of the core competencies on thereputation is more dominant. So it can be concluded that the **hypothesis is accepted**, which proved that competitive advantage strategy and core competencies affect the reputation.

The above research findings reveals that the core competency has a dominant effect compared to competitive advantage strategy in improving reputation. The dimensions that contribute most in reflecting core competencies is Higher education, followed by interpersonal skills, professional skills, and job attitude. In this case, higher education is implemented in the form of conformity of employee education with employment, conformity of office employees with education, conformity of academic faculty positions with the rules in teaching, conformity of education with the rules of the teaching faculty, the conformity of the lectures competence with the subject, and mastery of information and communication technology .

The interpersonal skills implemented in the ability of solving student's problems, ability to resolve personal problems, and the ability to solve student's financial problems. The next core competency aspects that play a role in building reputation is professional skill in the form of ability of professional services and soft skills to do the job; and Job Attitude in the form of cooperative abilities with partners.

Based on the results of the study found that the competitive advantage strategy significantly affect the reputation. Therefore it is necessary to improve strategic flexibility of managers in serving students who are underprivileged and specificity of the curriculum. Then supported by the development of the operational cost leadership strategy that includes consideration of the student's financial ability, attention to other college tuition, and pay attention to student demand on study program bachelor degree of management. Furthermore, the management also needs to improve the quality uniqueness of courses that include excellence in information systems, learning, curriculum, and instructional facilities.

The results of this study support Hua (2011: 2087) which explains from McGee that element that made the difference for educational institutions is differentiation in its competence or the so-called core competencies which forms a basis for improving the quality of the institution's reputation. Likewise Henard and Roseveare (2012: 8) adds that the core competency of an institution of higher education as a world class university, research performance becomes a basis for maintaining the reputation of the institution.

IV CONCLUSION AND RECOMMENDATION

The Study program of Management bachelor degree in the private universities in DKI Jakarta not able yet in : formulate the competitive advantage strategy, not yet able to utilize the core competencies, and not yet able to enhance the positive reputation in the public eyes.

Simultaneously there are effect of competitive advantage strategy, and core competencies on reputation. Testing result showed the dominant effect of core competencies on reputation.

The findings of this study, is expected to be a reference for academics to conduct research development, where the results of these findings as part of the premise in preparing the framework. Interesting research topic is reviewed in the form of research with different units of analysis but the same observation unit. As well as the similar unit of analysis but different study variables, as well as specificity in the field of strategic management, in order to be able to assess aspects of the business in a more integrated.

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