

# THE IMPLICATIONS OF THE APPLICATION OF DIFFERENTIATION FOCUS STRATEGIES TO COMPETITIVE ADVANTAGE AT PRIVATE ISLAMIC EDUCATION INSTITUTIONS

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**ABSTRACT---** *The purpose of this study was to analyze the implications of the application of a differentiation focus strategy to the institution's competitive advantage to private Islamic education, especially to SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta. To understand the implication, this research used a qualitative approach, with phenomenological types of study and multi-site designs. The findings showed that the implications of applying the strategy to institutional competitive excellence to Private Islamic education were as follows: 1) effective leadership in organization of educational institutions; 2) education system that is unique and conducive to the development of the basic potential of students; 3) more images on good school, thereby increasing public trust; and 4) work culture positive in supporting school excellence in a sustainable way.*

**Keywords---** *Strategy, Differentiation Focus, Competitive Excellent, Educational Institutions Islam.*

## I. INTRODUCTION

Entering the 21st century, the administration of education in Indonesia is experiencing quite rapid development. Muhadjir Effendi as Minister of Education and Culture of the Republic of Indonesia said, in recent years the quality of Indonesian education has improved. The government has tried to carry out large-scale infrastructure development to improve education services, so that people have broad access to quality education. (Ita, 2019).

Broad community access to education services is not only obtained from schools or educational institutions that have the status of state or schools established by the government, but also by the presence of private schools which from time to time the numbers are increasing. Each of these private schools also offers several excellent programs with the aim to be of public interests.

According to Noor Miyono, private schools have been more active in gathering quality inputs, namely because: 1) schools as educational service institutions for the community as consumers, it is necessary to question educational institutions that are still active; 2) the management of an educational institution needs the community to provide education services carried out relevant to their needs; 3) types and types of education services that are

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known and understood by the community; and 4) the existence of an educational institution that is managed is not owned by a potential community. (Miyono, 2011).

However, with many standing schools both public and private, in addition to expanding public access to education services, this phenomenon also encourages the emergence of competition between educational institutions. Because it is undeniable that most people or parents will choose an educational institution based on several considerations, namely: 1) family values, mission, and goals; 2) the purpose of sending their children to school is to form expectations for what children will get at school; 3) nuances or culture of the school (religious / foreign language); 4) funds owned; 5) the ability to support their children's education at home; 6) educational programs; 7) teacher quality; 8) school facilities; and 9) school reputation. (Miyono, 2011).

The dynamics of competition that arise in the world of education requires each educational institution to be in a position that is in harmony with needs. Schools as an organization that carries educational goals, on the one hand must continue to pay attention to the spirit and moral values of educational institutions whose main task is to carry out the educational process. Even though the need to face competition and environmental demands is increasingly large, it should not make the educational institution lose its vision and principles in an effort to educate the nation's children, so that they are not trapped in business-oriented activities alone.

But on the other hand, each educational institution also needs to take anticipatory actions and strategic steps to maintain the existence and development of institutions in a sustainable manner. No less important is the need for every educational institution to have a competitive advantage, namely the ability to produce a product or service that is valued more by the customer than the competing institution or the ability to create an advantage that exceeds the cost of the organization to create it, and higher than what its competitors have. (Porter, 1994). Therefore, every educational institution (private school) must be able to find and develop the organization's core competencies in order to be able to obtain and maintain a competitive advantage. (Dirgantoro, 2007).

The existence of private Islamic education institutions that excel and continue to experience positive development, can be seen from the work of the Integrated Islamic Elementary School (SDIT) Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta. In its development to date, both have become schools of interest to the community, especially in the Bantul Regency and Yogyakarta City. As a school that moves with the principles and Islamic identity, both of them emerge with the concept that prioritizes excellent programs as the selling point of schools in the community. The ability of the managers of SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta in presenting superior programs leads to the implementation of a differentiation focus strategy, a strategy that emphasizes efforts to make a difference (differentiation) to target predetermined segments of society. (Pre-Research Observations, January 2019).

Through the strategy implemented, bringing SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta at different levels compared to other private schools in the province of Yogyakarta Special Region. Based on the phenomena that have been described, researchers are interested in studying more deeply the implications of the implementation of a differentiation focus strategy on the competitive advantage of private Islamic educational institutions, particularly at SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta.

## II. METHOD

The approach in this research is qualitative with a type of case study and multi-site design. Analysis of data through two stages, namely analysis of single site data and cross-site data analysis. Single site analysis uses Milles and Huberman's interactive analysis techniques through data reduction, data display, and verification/ conclusion drawing. Checking the validity of the data uses four techniques, namely: credibility test with triangulation and member checking dependability, confirmability, and transferability.

## III. FINDINGS

The findings of this study are to analyze the implications of the implementation of a strategy of differentiation focus on the competitive advantage of private Islamic educational institutions, particularly at SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta. school, as well as school work culture. The similarity of research findings related to the strategy implications of school competitive advantage refers to the main characteristics or criteria of organizational competitive advantage.

Indicators related to school leadership, namely the development of effective leadership patterns in the administration of educational institutions, so that schools become competitive educational institutions. Furthermore, in the aspect of education services, SDIT Ar-Raihan's efforts in building competitive advantage through special programs are seen as a form of service that is rarely done by other schools, whereas SDIT Luqman Al-Hakim with school systems and programs that are rarely or never done by other schools. Although there are similarities, but in practice there are differences. Thus, the education system that is built is unique and conducive to the development of learners' basic potential.

The next implication relates to the image or reputation of the school. Both SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta are both educational institutions that can be trusted and sought after by the public. The strategy adopted has succeeded in building a better school image or reputation. While in the aspect of school work culture, the strategies pursued succeeded in creating a positive work culture in order to support the school's competitive advantage.

Based on the findings of the two schools, the implication of the implementation of a strategy of differentiation focus on educational institutions related to aspects of SDIT leadership is the development of effective leadership patterns in organizing educational institutions, so that schools become competitive educational institutions. Meanwhile, the education system is unique and conducive to the development of learners' basic potential. The next implication relates to the image or reputation of the school. The strategy adopted has succeeded in building a better school image or reputation. Next, in the aspect of school work culture, the strategies pursued succeeded in creating a positive work culture in order to support the school's competitive advantage.

Analysis of cross-site research findings on the implications of applying the differentiation focus strategy to the competitive advantage of SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta in detail is described in the following table:

**Table 1:**Cross-Site Research Find Matrix

<b>Concepts</b>	<b>Findings at SDIT Ar-Raihan</b>	<b>Findings at SDIT Luqman Al-Hakim</b>	<b>Cross-site findings</b>
Leadership	Schools can overcome several major institutional problems, especially those related to the problem of lack of funds, facilities and infrastructure, as well as the quality of graduates, so they can compete with other schools	Schools have improved in several aspects, including education services, learning processes, graduate quality, school income, and school position among other schools	Effective leadership patterns in organizing educational institutions, so that schools become competitive educational institutions
Education system	School efforts in building competitive advantage through special programs are seen as a form of service that is rarely done by other schools	School systems and programs are rarely or never carried out by other schools, especially public schools and if there are similarities the implementation has differences	Characteristic and conducive to the development of the basic potential of students
The image or reputation of the school	School efforts influence the interests and trust of the community in the education process of their children	The ability of schools to implement strategies has fostered community interest and trust in making schools an educational choice	Become better, so that it can become an educational institution that is trusted by the community
Work culture	Useful in overcoming the main problems of the school when it was first established, such as issues of cost, education facilities and infrastructure, quality of graduates, number of students	Can solve the problem of financing, educational facilities, number of students, quality of graduates, and employee income, so that this step is not easily replaced and can be	The creation of a positive work culture in supporting the school's competitive advantage

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#### IV. DISCUSSION

The term strategy in the study of management has various meanings. But everything leads to ways or efforts in achieving goals. Stoner and Freeman mention that strategy is an act that outlines the allocation of resources and other activities to respond to the environment and helps organizations achieve their goals, (Stoner & Freeman, 1996) while Michael E. Porter defines strategy as creating unique and valuable positions obtained by carrying out a series of activities. (Porter, t.t.)

Hunger and Wheleen explain that strategy is a comprehensive planning formula on how the organization will achieve its mission and objectives, because the strategy will maximize competitive advantage and minimize competitive limitations, (Hunger & Wheleen, 2003) while Husein Umar said strategy is a process of determining the plans of top leaders who focus on long-term goals organization accompanied by the preparation of a way how to achieve these objectives. (Umar, 2003).

The strategy chosen by an educational institution can determine their conditions in the future. According to Porter, strategies that can be used as alternatives in the context of achieving an organization's competitive advantage are: 1) Cost leadership strategy, which is a strategy that aims to be the producer with the lowest cost; 2) Strategy of differentiation (differentiation), that is, a strategy that involves selecting one or more criteria used by buyers in a particular market and then positioning the business uniquely to meet these criteria; and 3) a focus strategy consisting of a cost focus strategy and a differentiation focus. (Porter, 1994) A differentiation focus strategy aims to make differentiation only within one or a small group of targeted market segments, whereas a cost focus strategy is strategy of looking for lower cost advantages in a small group of certain market segments. (Umar, 1999).

Porter further explained that the steps of the differentiation focus strategy were: 1) differentiating service quality by concentrating on certain segments; 2) product differentiation through exploitation of certain components that are different from other industries; and 3) image differentiation, i.e. with a combination of policies for strategic targets. (Porter, t.t.).

Based on Porter's theory, a differentiation focus strategy can be developed into a strategy that is concentrated on efforts to make a difference in education services. However, all forms of educational services still rely on internal school resources through the development of human resource competencies and completeness of curriculum based on religious values, so that educational institutions can gain competitive advantage.

The competitive advantage according to Porter is the ability of an organization to achieve economic benefits over the profits achieved by competitors in the same industry or service activity. (Porter, 1994). Noe and colleagues define competitive advantage as the ability of institutions to make products or service offerings that are more valued by customers compared competing institutions. (Raymond A. Noe et.al, 2010).

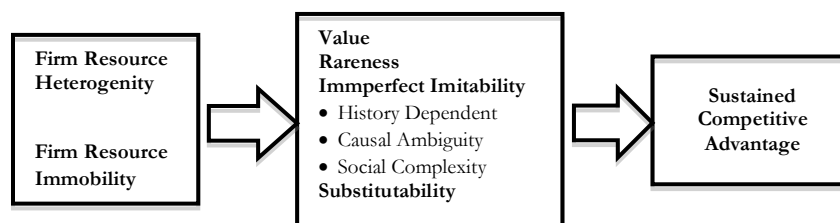
Fred R. David explained that competitive advantage is the core of the strategic management process, because strategic management examines how to obtain and maintain competitive advantage. If an institution can do something that cannot be created by another institution or has something that is highly desired by competitors,

then it represents competitive advantage. (David, 2006). Bharadwaj said that competitive advantage is the result of implementing strategies that utilize various resources owned by the organization. Unique expertise and assets can be seen as a source of competitive advantage. (Bharadwaj, P.R., & Fahly, 1993).

Next, Dogre and Vickrey explained that competitive advantage has two different but interrelated meanings. The first meaning emphasizes superiority or superior in terms of resources and expertise possessed by the institution, while the second meaning emphasizes excellence in performance achievement (Droge & Vickrey, 1994); (Adhinugroho, 2010). Competitive advantage grows from the value that can be created for buyers and the cost is greater than the capital that must be spent by the organization to created it. The superior value comes from offering a lower price than the price of competitors with equal benefits or unique benefits offering that exceeds the price offered. (Dirgantoro, 2007).

Jay Barney through the concept of Resource Base-View explains that competitive advantage in the sense of superiority comes from resources and expertise with several key criteria, namely: 1) Valuable, ie resources and capabilities possessed enable institutions to implement strategies to improve effectiveness and organizational efficiency; 2) Rare (scarcity), i.e. those resources and capabilities are rarely owned by competitors; 3) Inimitable (difficult to imitate), i.e. resources and capabilities are difficult to be imitated by competitors or require cost and time to imitate. Fourth, Nonsubstitutable (difficult to replace), i.e. resources and capabilities possessed are difficult to replace other resources or capacity. (Barney, 1991).

Jay Barney's criteria for sustainable competitive advantage in detail are as follows:



**Figure 1:** Chart of Jay Barney's criteria for sustainable competitive advantage

The study of sources of sustainable competitive advantage has basically been a lot of research themes in strategic management. Since 1960, the framework used to achieve sustainable competitive advantage has been to carry out strategies that maximize internal strength through the exploitation of opportunities in the external environment, neutralize threats from the external environment, and minimize the internal weaknesses of the institution. (Sridadi, 2013). The Resource-Based View concept initiated by Jay Barney states that the source of an institution's sustainable competitive advantage is a resource that includes all assets, capabilities, organizational processes, institutional characteristics, information, knowledge, and so on. (Purnomo, 2014).

The criteria for competitive advantage as conceived by Barney can be a measure of the extent of success or the implications of the strategy for competitive advantage of educational institutions. Implications are the effects that arise in the future or the impact felt by the institution, so the implication of the strategy of differentiation focus on competitive advantage in this study refers to advantages with valuable, rare, hard to imitate, and difficult to replace criteria.

The implication of applying the strategy of differentiation focus on the competitive advantage of a private Islamic educational institution, from several studies shows that the resources and capabilities of the institution can be a source of sustainable competitive advantage. According to Barney, competitive advantage comes from the resources and capabilities of institutions with several basic criteria, namely valuable, rare, inimitable, and non-constitutable. (Barney, 1991).

Some things that need to be clarified from the implications of the implementation of a strategy of differentiation focus on the competitive advantage of Islamic educational institutions from the research findings are as follows: First, valuable resources and abilities are the advantages that enable schools to achieve institutional competitiveness. Resources and abilities can also be said to be valuable if the school can exploit opportunities or eliminate threats in the environment, then take advantage or avoid all forms of threats that arise from the environment. If the school cannot do it, it will be difficult for the school to obtain a competitive position. This is because most of the potential of schools is tied to resources that should be able to be utilized and should be re-distributed in other strategies or fields.

School excellence in terms of the ability to achieve institutional competitiveness cannot be separated from effective leadership processes, especially in the administration of educational institutions. Effective leadership is leadership that is constructive, empowering, and optimizing all institutional resources to achieve satisfactory results, (Sedarmayanti, 2011), so that changes occur that are beneficial to the internal institution.

Second, excellence is unique or scarce if school resources and abilities are rarely or not owned by other schools. With scarce resources and abilities, schools have the opportunity to increase competitive advantage if rarely owned by other schools, especially schools that become competitors. Valuable but not scarce resources are unlikely to produce competitive advantages. Valuable resources that are available and easy to have make schools have to share profits with other schools. However, when schools can control both valuable and scarce resources, the school will be able to achieve competitive advantage. However, the intended competitive advantage does not guarantee how long it can last. While scarcity parameters that produce significant benefits are if there is only one school that can meet these criteria.

Third, resources and abilities that are difficult to imitate. Difficult to imitate does not mean can not be imitated. If the resources and capabilities can be replicated, the quality or standards set by other schools cannot match those of the school. If other schools could make the same resources and capabilities, it could be only in the name and content aspects, not in other important matters, especially in the aspects of resources and capabilities that support it. Several factors make it difficult to imitate resources and capabilities, such as the large amount of resources expended to mimic existing core competencies, both in terms of the number and skills of human resources, costs, and other supporting resources. The next factor is ownership rights, so that other schools cannot necessarily copy the school's property. Hard-to-duplicate abilities combined with valuable and rare abilities have a profound effect on the process of enhancing the school's image or reputation.

According to Setiadi, school image in the sense of brand image is a representation of the overall perception of the brand and is formed from information and knowledge of the brand. The image of the brand is related to the attitude in the form of beliefs and preferences towards a brand. (Setiadi, 2003). Frank Jefkins mentions that the image is the impression of a person or individual about something that arises as a result of his knowledge and experience, (Soemirat & Ardianto, 2007), whereas Larkin in Rio Sudirman stated that the image or reputation

reflects the superiority of the name a company in the view of certain institutions or groups with an interest in the company. (Sudirman, 2014). Rahayu added, the image of an educational institution was one of the factors to improve organizational competitiveness. The image or reputation is obtained through a series of abilities and experiences that have accumulated, so that the educational institution has the best performance for stakeholders. (Rahayu, 2009).

The description of the quality of schools obtained from the environment or other parties as a result of their experience and knowledge about the school, requires the existence of structuring in terms of a positive image of the school. If the school has a positive brand image, then this position will be difficult for other institutions to imitate.

Fourth, the non-constitutable criteria will be obtained if other schools cannot achieve the same benefits as the schools. Among the intended benefits is the birth of a positive work culture in supporting school excellence. Work culture is a system of values, perceptions, behaviors and beliefs held by each individual and group about the meaning of work and its reflection in activities to achieve organizational and individual goals. (Rachmawati, 2004).

The competitive advantage of schools will also be difficult to replace if supported by skilled human resources. According to Sergiovanni, the intensity of the world of education related to humans can be seen as an important difference between school organizations and other organizations, because the problem of human resources becomes very dominant in the education process.<sup>1</sup> Schools will be able to maintain their superiority if the human resources within them are HR which has advantages in various aspects, so that schools have the opportunity to achieve sustainable competitive advantage.

Based on the results that have been achieved, the implications of the strategy of differentiation focus on SDIT's competitive advantage are: 1) effective leadership in organization of educational institutions; 2) the education system is unique and conducive to the development of learners' basic potential; 3) better school image, thereby increasing public confidence; and 4) positive work culture in supporting school excellence. A complete comparison of theory with research findings is as follows:

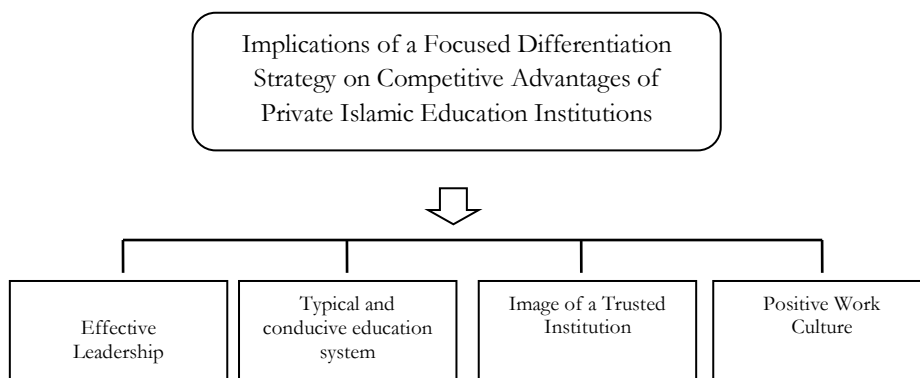
**Table 2:** Comparison of Theory and Research Findings on  
Implications of a Focused Differentiation Strategy on the Competitiveness of SDIT

<b>Criteria</b>	<b>Jay Barney's Sustained Competitive Advantage Theory</b>	<b>Research Findings</b>
Worth (Valuable)	Resources and capabilities enable organizations to implement strategies that can improve organizational effectiveness and efficiency	Good and competitive performance through effective leadership in organizing educational institutions
Unique / Rare (Rare)	These resources and capabilities are rarely owned by competitors and contain unique intentions that combine the value of art with user tastes	The education system is unique and conducive for the development of learners' basic potential
Difficult to	Resources and capabilities are	The image or



imitability ( <i>Inimitable</i> )	difficult to emulate by competitors or require time and money to replicate	reputation of the school is better, so that it can increase public confidence in the existence of a superior school
Difficult to change ( <i>Nonsubstitutable</i> )	The resources and capabilities needed are difficult to replace with other resources or capabilities	

From the comparison of research findings with the theory of the concept of competitive advantage, this study develops the theory of Jay Barney. Developers of the implications of the strategy of differentiation strategy focus on the competitive advantage of private Islamic educational institutions can be described as follows:



**Figure 2:** Chart of theory development implications of the focus strategy of differentiation on SDIT competitive advantage

## V. CONCLUSION

Based on the description in the research findings and discussion section, it can be concluded that the implications of applying the difference strategy to the excellence of Islamic educational institutions, specifically at SDIT Ar-Raihan Bantul and SDIT Luqman Al-Hakim Yogyakarta are: 1) education, so that it can be used by competitive educational institutions ; 2) A special and conducive education system is built to develop the basic potential of students; 3) The image or success of schools for the better, so that they become educational institutions that are trusted by the community; and 4) The creation of a positive work culture in supporting competence.

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