

## Strategic Planning Model of Islamic Religious Higher Education (PTKI) in Indonesia

**Agus Zaenul Fitri**

IAIN Tulungagung, Indonesia

e-mail: guszain@yahoo.co.id

**Binti Nasukah**

STIT Ibnu Sina Malang, Indonesia

e-mail: bnasukah@gmail.com

**Azmil Tayeb**

Universiti Sains Malaysia

e-mail: azmil@usm.my

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### **Abstract**

*Strategic planning for higher education is vital because it becomes a reference in determining the direction of policy and organizational performance. To win the competition in gaining the market, strategic planning activities become the spearhead in determining the strategy to achieve the appropriate institutional goals. However, the implementation of strategic planning at Islamic Religious Higher Education (PTKI) is often constrained because of the lack of understanding of the importance of these theories, so the implementation of strategic planning is often only intended for administrative requirements. Amid this condition, there is a phenomenon where some PTKIs are developing rapidly and transforming to be more market-oriented and to win the competition. These PTKIs are UIN Maulana Malik Ibrahim Malang, UIN Syarif Hidayatullah, IAIN Tulungagung, Muhammadiyah University of Malang, and Malang Islamic University. They have succeeded in creating effective strategies in organizational development until now they can become modern institutions and develop into multi-level organizations. The purpose of this study is to explore the five PTKI strategy models in Indonesia at the corporate and business unit levels based on Fred R. David's corporate-level strategy models, and Porter's generic strategy model theory. Data were collected by qualitative methods through observation, interview, and documentation techniques. The results showed that at the corporate level, Fred R. David's strategy models applied by PTKI were vertical integration strategy, intensive strategy, and diversification strategy. In the defensive strategy, what is more, applied is the retrenchment strategy choice. However, at the business unit level, Porter's well-*

*implemented strategy models are the cost leadership strategy, differentiation strategy, and focus strategy. These results have implications for the selection of business strategy models to be used in either profit-oriented or non-profit strategic planning activities in PTKI.*

**Keywords:** *Strategic Planning, Corporate Strategy, Business Strategy, Islamic Religious Higher Education (PTKI), Indonesia.*

### **Abstrak**

*Perencanaan strategis bagi perguruan tinggi sangat vital karena menjadi acuan dalam penentuan arah kebijakan, dan performansi organisasi. Dalam upaya memenangkan persaingan merebut pasar, kegiatan perencanaan strategis menjadi ujung tombak dalam menentukan strategi pencapaian tujuan institusi yang tepat. Meski demikian, pelaksanaan perencanaan strategis pada Perguruan Tinggi Keagamaan Islam (PTKI) sering terkendala karena ketidakpahaman pentingnya teori-teori tersebut, sehingga pelaksanaan pembuatan rencana strategis sering hanya dimaksudkan untuk syarat administratif. Di tengah kondisi ini, terdapat fenomena di mana beberapa PTKI berkembang pesat dan bertransformasi untuk lebih berorientasi pasar dan memenangkan persaingan. Mereka adalah UIN Maulana Malik Ibrahim Malang, UIN Syarif Hidayatullah, IAIN Tulungagung, Universitas Muhammadiyah Malang dan Universitas Islam Malang. Mereka telah berhasil menciptakan strategi yang efektif dalam pengembangan organisasi, hingga kini dapat menjadi institusi modern dan berkembang menjadi multi-level organisasi. Tujuan dari penelitian ini adalah untuk mengeksplorasi model-model strategi lima PTKI di Indonesia tersebut pada level korporasi dan level unit bisnis didasarkan pada teori model-model strategi tingkat korporasi dan Fred R. David dan teori model-model strategi generik Porter. Data dikumpulkan dengan metode kualitatif melalui teknik observasi, wawancara dan dokumentasi. Hasil penelitian menunjukkan bahwa pada level korporasi, model-model strategi Fred R. David yang diaplikasikan oleh PTKI adalah vertical integration strategy, intensive strategy dan diversification strategy. Pada defensive strategy, yang lebih diterapkan adalah pilihan retrenchment strategy. Sedangkan pada level unit bisnis, model-model strategi Porter yang terimplementasi baik adalah cost leadership strategy; differentiation strategy; dan focus strategy. Hasil ini berimplikasi pada pemilihan model-model strategi bisnis untuk digunakan pada kegiatan perencanaan strategis di PTKI berorientasi pada profit atau non-profit.*

**Kata Kunci:***Perencanaan Strategis, Strategi Korporasi, Strategi Bisnis, Perguruan Tinggi Keagamaan Islam (PTKI), Indonesia.*

### **Introduction**

Currently, educational institutions—including Islamic religious higher education (PTKI)—operate in a market environment that affects their ability

to serve and respond to the needs of their stakeholders<sup>1</sup>. Reforms in the field of education, such as decentralization, structural changes, internationalization, and privatization, brought higher education to a competitive environment<sup>2</sup>. This condition directs higher education institutions to be more market-oriented, for survival needs that are influenced by their ability to compete for potential students<sup>3</sup>. The market orientation has an impact on the necessity of institutions to be able to formulate competitive strategies in the face of increasing competition, as well as to meet the needs of stakeholders. Managing strategies is an essential activity for higher education institutions to provide proactive and reactive organizational governance to the environment that influences the future of the institution.

Theories of strategic management and strategic planning have provided a good foundation for higher education institutions as an approach in developing competitive strategies for a better and more prosperous future<sup>4</sup>. By implementing strategic management theories, the institution can establish a series of managerial decisions and actions for the long-term performance of the institution<sup>5</sup>. According to David,<sup>6</sup> the principle benefit of strategic management is to help organizations formulate a strategy better through the use of more systematic approaches, and logical and rational in the choice of strategy.

However, the adoption of the concept of market orientation and strategic planning activities at higher education institutions is often faced with several obstacles, mainly in terms of human resources. Some find it

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<sup>1</sup> Alina Filip, "A Global Analysis of the Educational Market Environment," *Procedia - Social and Behavioral Sciences* 46 (2012): 1552-56, <https://doi.org/10.1016/j.sbspro.2012.05.339>.

<sup>2</sup> David Schüller and Vladimír Chalupský, "Internal Marketing Communication of Higher Education Institutions," *Economics and Management* 16, no. 1 (2011): 1316-22.

<sup>3</sup> Conway Tony, "Strategic Planning in Higher Education," ed. Mackay Stephen, *International Journal of Educational Management* 8, no. 6 (January 1, 1994): 29-36, <https://doi.org/10.1108/09513549410069202>.

<sup>4</sup> Sara Javan Amoli and Farnouche Aghashahi, "An Investigation on Strategic Management Success Factors in an Educational Complex," *Procedia-Social and Behavioral Sciences* 230 (2016): 447-54.

<sup>5</sup> T.L. Wheelen and J.D. Hunger, *Strategic Management and Business Policy: Toward Global Sustainability*, Always Learning (Pearson Prentice Hall, 2011), 5.

<sup>6</sup> Fred R. David, *Strategic Management: Concepts and Cases*, 13th ed (Upper Saddle River, N.J: Prentice Hall, 2011), 5.

difficult to accept the concept of market orientation because it comes from the business world and is not comfortable in the realm of higher education<sup>7</sup>. Besides, most higher education institutions are not matched by the ability of human resources in strategic planning. They generally have excellent operational skills by doing the same thing day after day. Traditional models are implemented in dealing with environmental conditions and arising opportunities. As a result, institutions often lose the opportunity to develop further<sup>8</sup>.

The results of the study found that one of the main obstacles faced by institutions in implementing strategic management was the inadequate understanding of the leadership of the institution regarding the strategic management process<sup>9</sup>. This lack of understanding results in the perceived lack of importance of strategic management as a process of activities that provides answers to problems faced by institutions. This is why, out of the many higher education institutions, only a few have succeeded in achieving success with dramatic changes. Some have only succeeded in making essential changes in the operational section. While the rest dissolves in the courage to make more market-oriented changes.

In practice, the implementation of the strategic management stages at PTKI in Indonesia often has problems even at the strategic planning stage. Strategic planning is often done because it is forced and only used as a condition for administrative completeness—for example, for accreditation. Some others make idealistic plans, but it is challenging to implement them. Cowburn (2005) find that it is often difficult for institutions to implement strategic plans because of the mismatch between ideality and reality<sup>10</sup>. This

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<sup>7</sup> Bugandwa Mungu Akonkwa Deogratias, "Is Market Orientation a Relevant Strategy for Higher Education Institutions? Context Analysis and Research Agenda," *International Journal of Quality and Service Sciences* 1, no. 3 (January 1, 2009): 311-33, <https://doi.org/10.1108/17566660911004230>.

<sup>8</sup> Philip Kotler and Patrick E. Murphy, "Strategic Planning for Higher Education," *The Journal of Higher Education* 52, no. 5 (1981): 470, <https://doi.org/10.2307/1981836>.

<sup>9</sup> Okwukweka Chukwumah Fides and Obiageli Ezeugbor Carol, "Problems of Implementation of Strategic Plans for Secondary Schools Improvement in Anambra State," *Educational Research and Reviews* 10, no. 10 (May 23, 2015): 1384-89, <https://doi.org/10.5897/ERR2015.2177>.

<sup>10</sup> Sarah Cowburn, "Strategic Planning in Higher Education: Fact or Fiction?," *Perspectives: Policy and Practice in Higher Education* 9, no. 4 (January 2005): 103-9, <https://doi.org/10.1080/13603100500357324>.

condition seems to increasingly indicate the difficulty of strategic management theories and strategic planning to be applied in the context of non-profit organizations such as higher education institutions.

However, this is not the case. Not all PTKIs have failed in applying the concept of strategic planning in developing strategies for institutional development. The development of some PTKI campuses, which were once always considered second-choice, shows the phenomenon that Islamic campuses—both private and public—can transform to be more market-oriented and to win the competition. They have succeeded in creating effective strategies in organizational development until now. They can become modern institutions and develop into multi-level organizations. They become increasingly large organizations with complex structures and sub-units—which are even outside the core business. The campuses that have now been successfully developing over time include UIN Maulana Malik Ibrahim Malang, UIN Syarif Hidayatullah, IAIN Tulungagung, Muhammadiyah University of Malang, and the Islamic University of Malang.

This phenomenon is worth exploring in terms of the strategic models they have chosen to develop institutions, both at the corporate level and the business unit level. Thus, a new perspective will be obtained on how existing business strategy models incorporate strategic management theories that can be applied to the realm of educational organizations. Corporate strategy models as suggested by Fred R. David in his book "Strategic Management,"<sup>11</sup> and Business unit strategy models initiated by Michael E. Porter in his book "Competitive Advantage: Creating and Sustaining Superior Performance,"<sup>12</sup> can be a reference to identify whether or not the business strategy models are applied in the tertiary context. David's strategic planning model has been widely used to help formulate strategies in college<sup>13</sup>. However, the generic

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<sup>11</sup> David, *Strategic Management*.

<sup>12</sup> Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (New York : London: Free Press ; Collier Macmillan, 1985).

<sup>13</sup> Syed Abdul Malik, Nasser S. Al-Khatani, and Mohammad Naushad, "Integrating AHP, SWOT and QSPM in Strategic Planning-an Application to College of Business Administration in Saudi Arabia," *International Journal of Academic Research* 5, no. 5 (2013): 373-79.

Porter model proves to be the most applicable model to be implemented in public service organizations<sup>14</sup>.

With this background, this study seeks to identify and discuss strategy models applied by several PTKIs in Indonesia, both at the corporate level and business unit levels. These were done by first contextualizing strategic management concepts—the basic concepts of strategy, and its position in strategic management, the levels of strategy, and strategy models—in the realm of higher education institutions.

This study uses qualitative methods, with participatory observation data collection techniques, semi-structured interviews, and documentation. Interviews were performed by involving the parties concerned with making strategic plans at their respective institutions. The documentation study was also performed by searching on the campus website as well as strategic planning documents and campus profiles. The data collected were analyzed using Miles and Huberman's interaction model,<sup>15</sup> which covers: data reduction, data display, and conclusion drawing/verification.

## Strategies and Strategic Planning

David (2011)<sup>16</sup> defines strategic management as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable organizations to achieve their goals. In this definition, there are stages as described by David in the comprehensive strategic management model (figure 1). Figure 1 shows that the first stage—which is also the main stage in strategic management—is the formulation of strategies (Strategy Formulation). David<sup>17</sup> harmonized it with the term strategic planning. It is in this first stage that the strategy will be chosen and determined. Before a strategy is established and selected, the institution must take several steps in the activities, i.e. (1) Establishing and developing a vision and mission; (2) Identifying the company's external environment (opportunities and threats);

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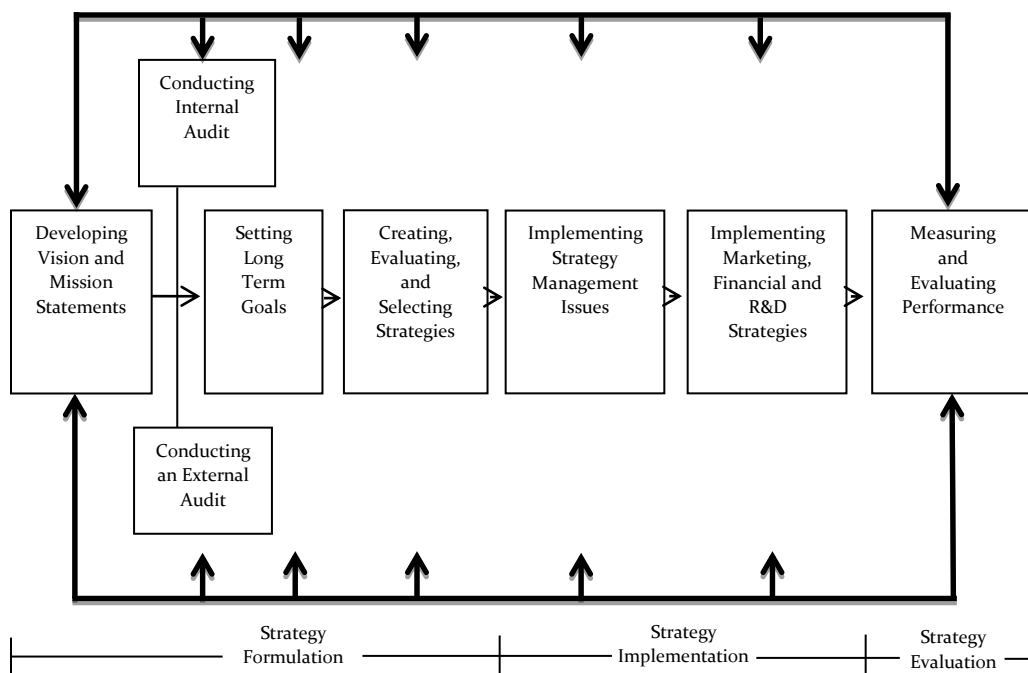
<sup>14</sup> Jesper Rosenberg Hansen and Ewan Ferlie, "Applying Strategic Management Theories in Public Sector Organizations: Developing a Typology," *Public Management Review* 18, no. 1 (January 2, 2016): 1–19, <https://doi.org/10.1080/14719037.2014.957339>.

<sup>15</sup> Matthew B. Miles et al., *Qualitative Data Analysis: An Expanded Sourcebook* (sage, 1994), 21.

<sup>16</sup> David, *Strategic Management*, 6.

<sup>17</sup> David, 6.

(3) Identifying the company's internal environment (strengths and weaknesses); (4) Establish long-term goals (5) and Establishing alternative strategies<sup>18</sup>.



**Figure 1. Comprehensive Strategic Management Model**  
 (Fred R David, 2011: 15)

The strategy was originally a military term, which has the meaning of means/tactics of war. The strategy is the art of a warlord in designing and directing military movements and operations in large numbers<sup>19</sup>. The goal is to win the war. To win the war, a commander must be able to devise a strategy that utilizes the full potential of the troops and weapons possession and utilizes the conditions of the surrounding environment. In the end, the term strategy is used in many fields, including in the management of a profit or non-profit institution—one of which is an educational institution. The

<sup>18</sup> Freddy Rangkuti, "Strategi Promosi Yang Kreatif, Edisi Pertama, Cetakan Pertama," Penerbit: Gramedia Pustaka Utama, Jakarta, 2009, 138.

<sup>19</sup> Michael Armstrong, *Strategic Human Resource Management-A Guide to Action 4rd Ed* (London: Kogan Page, 2008), 21.

existence of competition between institutions causes the need to be able to win the competition successfully. An institution can successfully win the competition if it has a strategy that can optimize all the potential of its resources by utilizing environmental conditions. The strategy in an educational institution can be intended as a way/strategy to achieve the goals of the institution through plans made through the optimization of the resources owned and the utilization of the influencing environmental conditions.

Bruce and Langdon (2007)<sup>20</sup> emphasize that no institution can succeed without a productive strategic mindset. The strategic mindset directs the institution to have a mature plan for the future. Formulation of the vision becomes the ideals of all members,<sup>21</sup> which is the ideal picture that the organization wants to achieve in the future<sup>22</sup>. This must be continued with the translation of this vision into a practical strategic plan so that it can be implemented and improved as changes occur in the surrounding environment.

In strategic management activities in educational institutions, as shown in figure 1, translating the vision of the institution into a practical strategy is better known as strategic planning (*renstra*). After formulating a vision and mission, and setting goals, the institution can then identify the strengths and weaknesses of the institution's internal factors, and identify opportunities and threats in the external environment that affect the organization. The results of identification are intended to develop alternative strategies, which in the end, the best strategy is chosen in the effort to achieve the goals of the institution.

## **Strategic Levels at Islamic Religious Higher Education institutions (PTKI) in Indonesia**

Strategic planning is not only the task of top executives. It is the responsibility of managers at all levels. These levels differ between small scale

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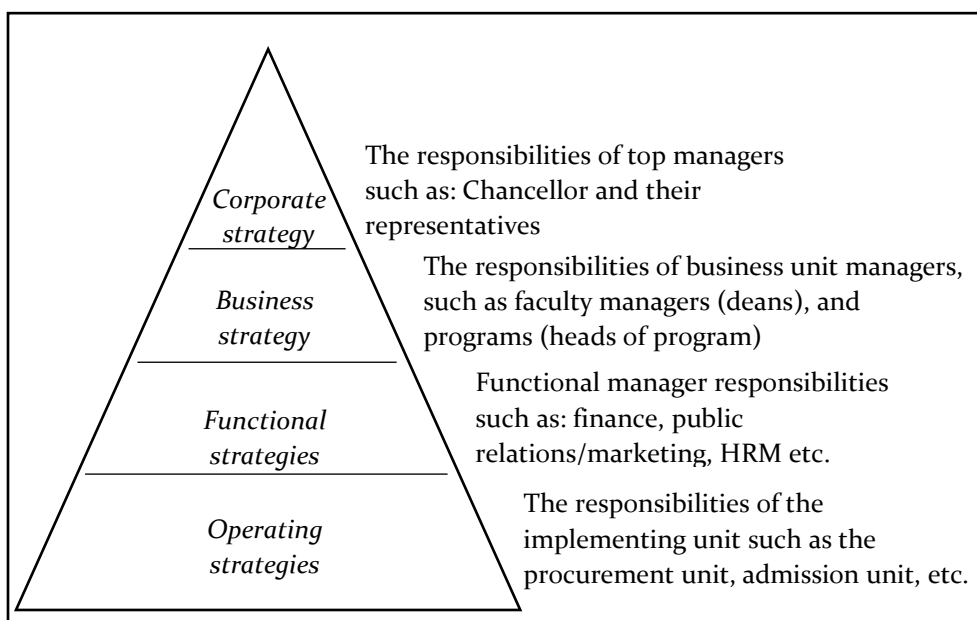
<sup>20</sup> Andy Bruce and Ken Langdon, *Berpikir Strategis* (Jakarta: Esensi, 2007), 6.

<sup>21</sup> Richard B. Robinson and John A. Pearce, *Manajemen Strategik, Formulasi, Implementasi Dan Pengendalian, Jilid I, Alih Bahasa Oleh: Maulana, Binarupa Aksara* (Jakarta, 1997), 55.

<sup>22</sup> Vincent Gaspersz, "All in One Strategic Management. 20 Concepts, Models and Key Analyses in Strategic Management," *Penerbit Vinchristo Publication. Bogor*, 2012, 3.



and large-scale institutions. David<sup>23</sup> mentions the following levels at large scale organizations (large company): corporate level, division level, functional level, and operational level; while on a small scale, the levels are: company level, functional level, and operational level. Managers at each level have the responsibility to make effective strategies. Generally, Thompson, Strickland, and Gamble (2013)<sup>24</sup> state that the making of strategies at each level gave rise to different strategic terms, i.e., corporate strategy, business strategy, functional strategies, and operating strategies. If contextualized in higher education institutions, the levels and responsibilities of this strategy can be described as shown in Figure 2.



**Figure 2. Levels and Strategic Responsibilities in Higher Education**

Figure 2 shows that, at the scale of higher education institutions that have many faculties and study programs, the problem is increasingly complex so that strategic planning is the responsibility of many lines. This will be different in schools that only have a single unit, where many units are held

<sup>23</sup> David, *Strategic Management*, 138.

<sup>24</sup> Arthur Thompson et al., *Crafting & Executing Strategy 19/e: The Quest for Competitive Advantage: Concepts and Cases* (McGraw-Hill Education, 2013), 407-8.

together so that the organizational structure is more straightforward and not complicated. The person responsible for the strategic plan is also of a modest level. In general, for university application, strategy making can be performed at three levels: corporate strategy, business strategy, and functional strategy. Stensaker and Fumasoli<sup>25</sup> call it with the term's institutional strategies, faculty strategies, and department strategies. This study will only focus on exploring corporate-level strategies and business unit level strategies.

### **Strategies of Islamic Religious Higher Education (PTKI) Strategy at the Corporate Level**

Corporate strategy or, in the context of higher education, can be called an institutional strategy (institutional strategy), consists of various policy initiatives that are used to build institutional positions. According to Wheelen & Hunger,<sup>26</sup> the leading corporate strategy is about the choices for the direction of the organization's growth in managing its business. There are three directions: growth, stability, or retrenchment. According to David,<sup>27</sup> in principle, corporate strategies can be grouped into four types/groups of comprehensive strategies, which can then be described in alternative types or other strategy models. These four strategies are elaborated in 11 types of strategies, along with examples of the contextualization of educational institutions, as shown in table 1.

**Table 1. Selections of Corporate Strategy Models**

<b>Main Strategies</b>	<b>Alternative Strategies</b>	<b>Definition</b>	<b>Contextualization of Educational Institutions</b>
<i>Vertical Integration</i>	Forward Integration	Gaining ownership or increasing control of distributors and retailers	Gaining ownership or increasing control of graduate distributors.
	Backward Integration	Seeking ownership or increasing control of company suppliers	Seeking ownership or increasing control over suppliers of previous level

<sup>25</sup> Bjørn Stensaker and Tatiana Fumasoli, "Multi-Level Strategies in Universities: Coordination, Contestation or Creolisation?: STENSAKER and FUMASOLI," *Higher Education Quarterly* 71, no. 3 (July 2017): 263–73, <https://doi.org/10.1111/hequ.12126>.

<sup>26</sup> Wheelen and Hunger, *Strategic Management and Business Policy: Toward Global Sustainability*, 206–7.

<sup>27</sup> David, *Strategic Management*, 139.

			graduates.
	Horizontal Integration	Seeking ownership or increasing control of competitors	Seeking ownership or increasing control of competing institutions
Intensive	Market Penetration	Increasing market share today through hard marketing efforts	Increasing institutional market share through hard marketing efforts, and high costs
	Market Development	Introducing existing products/services in new areas	Introducing the services of existing institutions in new areas
	Product Development	Increasing sales by adding value to existing products/services, or by developing new products	Increasing the use of graduates by adding value to the competencies of graduates
Diversification	Related Diversification	Adding new products, but related to products/services that are already owned.	Adding new products/services, but related to the main products/services that are already owned by the institution
	Unrelated Diversification	Adding new products, but not related to existing products/services	Adding new products/services, but not related to the leading product/service in education
Defensive	Retrenchment	Cost reduction and company assets, intended to control the decline in profits and sales	The reduction in costs and institutional assets is intended to control the decrease in the amount of institutional income due to the falling number of registrants
	Divestiture	selling one division or part of the company	Selling one division or part of an institution
	Liquidation	selling all company assets that can be calculated in value.	Selling all institutional assets that can be calculated in value.

Source: adapted from Fred R. David (2011: 137)

David's strategy models are used in this study to explore various strategy models chosen by higher education institutions in Indonesia. In

higher education institutions with complex multi-level structures, education managers must be able to distinguish between the organizational strategic goals of the corporate level and the other levels<sup>28</sup>. With this understanding, managers can determine the appropriate strategy models to refer to the strategic models put forward by strategic management experts. The corporate strategy is more focused on the forward direction of higher education growth. The results showed that PTKI in directing its growth strategy had applied various David's strategy models.

The vertical integration strategy model, which is more directed towards vertical organizational growth through control over suppliers or distributors or competing institutions, is implemented both by UIN Syarif Hidayatullah and Muhammadiyah University. Forward integration strategy is implemented by PTKI by controlling graduates' distributors, through the establishment of a job placement center. The PTKI, with the most concern, in this case, is UIN Syarif Hidayatullah Jakarta, which established a career center called career development center. The center was established in 2016 under the coordination of the Vice Chancellor for Student Affairs. Services developed in this center include career counseling, job fairs, tracer studies, skills training, workshops, and online job fairs.

Furthermore, the backward integration strategy was practiced very well by the University of Muhammadiyah Malang (UMM). UMM exercised control over suppliers of previous levels by utilizing an extensive network of SMA/MA/SMK Muhammadiyah. In particular, UMM provides special scholarships for graduates from SMA/MA/SMK Muhammadiyah. This method is proven to increase Muhammadiyah's name and progress in advancing the organization. Furthermore, Muhammadiyah University surprisingly made a breakthrough in applying the horizontal integration strategy model by acquiring Asia E University in Malaysia. The acquisition is recognized to aim at accelerating the development of human resources. The number of higher education institutions in Malaysia that have become world-class higher education institutions makes Muhammadiyah University willing to buy shares of Asia E University.

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<sup>28</sup> Yulia Stukalina, "Strategic Management of Higher Education Institutions," *Management of Organizations: Systematic Research* 70, no. 70 (2014): 79-90, <https://doi.org/10.7220/MOSR.1392.1142.2014.70.6>.

The intensive Strategy Model aims to lead to the intensive efforts of institutions when they want to improve the competitive position of the institution. Institutions can make intensive efforts through market penetration, market development, and service development. Market penetration strategy is more applied by private higher education institutions such as the University of Malang Islamic University (Unisma). Unisma chose to penetrate the market through television advertisements in its efforts to increase the market share of institutions, even with prohibitive costs. Not only local TV such as Batu TV, Agropolitan TV, or Malang TV, Unisma also advertises on national television, such as TV one. To be better known to a broad audience, and to become media coverage, Unisma even invited President Joko Widodo to give a public lecture at Unisma. Even though it costs much money, Unisma proved successful in getting attention from various media to get exclusive coverage. Market Development Strategy—through the opening of new branches—it is not possible to be implemented by campuses in Indonesia because of the rules prohibiting the establishment of distant classes. What is allowed is the establishment of a new campus, even with the same name. Muhammadiyah campuses are a good example. Muhammadiyah University stands in various cities with the same name so that the name Muhammadiyah is increasingly known to people throughout Indonesia. Besides, product development strategy is a strategy that has been implemented in all higher education institutions. This strategy was applied successfully by UIN Maulana Malik Ibrahim Malang. The campus seeks to increase graduate users by adding value to the competencies of graduates who are capable of both English and Arabic and can read books and the Qur'an well. To that end, the campus established a language center where the first-year students were required to attend Arabic learning, and in the second year, students were required to attend English learning. Furthermore, the campus also established *ma'had* to give students learning the Qur'an and the books to students in the first year. When graduating, in addition to getting a diploma, students will get a *ma'had* certificate and Arabic and English certificates as evidence of their competence in these fields.

The diversification strategy model seeks to add new institutional services, whether related to primary education services or not. Related diversification strategy is implemented well by all PTKI in Indonesia. They are competing to open new majors, to capture the opportunity for the sudden

interest in specific majors. Some are challenged to open special study programs. Although IAIN Tulungagung only has four faculties, it has 33 elective study programs at the undergraduate level. Thus, the campus provides a choice of various educational services, so that interest is increasing.

Meanwhile, the unrelated diversification strategy was implemented successfully by UMM. UMM established many new services that even had no connection with the leading education services. UMM has business units such as Fuel stations, Hotels, Hospitals, and tourist attractions. With these services, UMM becomes a university that is growing physically and academically.

The defensive strategy model can be applied to institutions in positions where the institution is in a state of decline. Of all the studied PTKIs, not all of them had the experience of doing retrenchment, divestiture, or liquidation. Institutions are retrenched in their efforts to reduce operating costs. This is due to the declining campus income, due to the number of applicants who also decreased in number. Although not for reasons of decreasing the number of registrants, several campuses undertake a retrenchment strategy in several ways. Private campuses such as Unisma and UMM tighten costs by optimizing the performance of permanent lecturers. Both institutions tried their best not to use external lecturers by setting permanent lecturer requirements for those teaching at the venue. The state campus is tightening costs by setting limits on performance allowances. As in the Maliki State Islamic University of Malang, lecturers are only paid performance benefits according to their obligations. Furthermore, diversification and liquidation strategies have never been applied to all studied PTKI. All of the studied PTKI is a rapidly growing PTKI, so that it has never done business downsizing or selling assets due to reasons of institutions that are no longer in demand.

From various findings, it was concluded that David's corporate strategy models were quite applicable for tertiary application. However, higher education nowadays is an educational institution whose life depends on the number of interested people. Evans<sup>29</sup> emphasizes the position of the world of education by stating that education is also a market in which there is a law of

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<sup>29</sup> Ian G. Evans, *Marketing for Schools*. (ERIC, 1995), 12.

supply and demand. Buyers (educational stakeholders) have the right to choose an educational institution that suits their wants and needs. Education has undergone privatization, where its survival depends on funding from the public, that is, through a large number of people who make choices on these institutions. Various efforts need to be made by the institution for the long-term survival of the institution. This can be done by presenting appropriate strategies through thoughtfully implemented strategic planning activities—which can indeed provide answers to the problems faced by the institution.

### **Business Strategy Model at the Islamic Religious Higher Education (PTKI) in Indonesia**

Business strategies—called faculty strategies in the higher education context—involve actions and approaches designed to produce a successful performance in a particular line of business<sup>30</sup>. According to Whelen and Hunger,<sup>31</sup> the business strategy focuses on improving the competitive position of the corporation or product or service unit in the market segments it serves. The business strategy is considered vital because it has an impact on overall corporate performance. Business strategies can be in the form of competition (against all competitors) and or cooperation (working with one or more other corporations to benefit from other competitors).

The thing that education managers need to understand is that the business unit strategy is different from Corporate strategy. According to Porter,<sup>32</sup> business strategy is more directed at competitive strategy—that is, concerned with how to create a competitive advantage in each unit where the organization competes. This is different from the corporate strategy that is more concentrated on two questions: what should the corporation be like in the future and what kind of business units should it manage.

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<sup>30</sup> Thompson et al., *Crafting & Executing Strategy 19/e: The Quest for Competitive Advantage: Concepts and Cases*, 408.

<sup>31</sup> Wheelen and Hunger, *Strategic Management and Business Policy: Toward Global Sustainability*, 183.

<sup>32</sup> Michael E. Porter, “From Competitive Advantage to Corporate Strategy,” in *Readings in Strategic Management*, ed. David Asch and Cliff Bowman (London: Macmillan Education UK, 1989), 234–55, [https://doi.org/10.1007/978-1-349-20317-8\\_17](https://doi.org/10.1007/978-1-349-20317-8_17).

Porter<sup>33</sup> introduces the generic strategy model as the strategy model used to determine the competitive advantage of a business unit in a corporation. In the context of higher education, the business unit in question is, for example, faculty or undergraduate/postgraduate programs. Each faculty can determine their competitive position by establishing certain advantages. Basing on Porter's generic strategy model, faculty or programs can choose to compete with three strategies: Cost Leadership Strategy, differentiation strategy, and focus strategy.

First, the Cost Leadership Strategy (Cost Leadership Strategy)—this strategy emphasizes standardized production with meager unit costs intended for price-sensitive consumers. There are two types/models of strategies: (1) (1) Low-cost strategy—offering products or services to consumers at the lowest price on the market; (2) best value strategy—offering products or services to consumers, with goods or service attributes that are similar to competitors, but at much lower prices. Second, the differentiation strategy (differentiation strategy)—this strategy aims to produce products or services that are considered unique and directed at consumers who are relatively not too sensitive to price. Customers are the central point of attention, and products/services are created as unique as possible. The way to do this is by building a buyer's perception of a superior product or service so that it looks different from the others. Therefore, customers want to buy at a high price. Lowering the price of the product had led to the emergence of consumer doubts about superiority earlier. Third, a Focus Strategy (type 3 Strategy)—producing products and or services that meet the needs of a small group of consumers. There are two types of strategies: (4) low-cost focus—offering a product or service to a small group of consumers (niche market) at the lowest price available in the market; (5) focus on the best value (best value focus)—offering the best products or services that are as close as possible to the needs of a small number of consumers (niche market), offered with the best prices available in the market.

The results of the study prove the application of Porter's generic strategy to PTKI in Indonesia. Some of the PTKI have successfully implemented business unit strategies, at certain levels or faculties. The cost leadership strategy—precisely the best value strategy—was applied by UIN

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<sup>33</sup> Porter, *Competitive Advantage*, 11–12.



Maulana Malik Ibrahim Malang when opening postgraduate levels. For example, for the Master's level, the tuition fees at the Postgraduate Program of UIN Maliki Malang are cheaper than the tuition fees at the same level in the same city as compared to Brawijaya University and Malang University. Next is the differentiation strategy, applied by UMM, which provides exceptional services, especially intangible aspects. Therefore, even though it was expensive, the enthusiasts did not recede, because they were quite satisfied with the facilities provided by UMM. A focus strategy is applied by the institution by providing or providing particular majors that do not exist elsewhere. Recently UIN Maliki Malang opened a bachelor program in the library and information science department by the faculty of science and technology. This specialized major is intended for librarians by providing them with information management sciences in libraries.

Porter's strategy proved to apply to higher education. Its application has a different effect on the performance of the institution. In their research, Alzoubi and Emeagwali<sup>34</sup> reveal that the focus strategy has a more positive influence on institutional performance. The differentiation strategy influences the performance of the institution, although it has a profound influence. Meanwhile, the cost leadership strategy has absolutely no positive impact on institutional performance. The final results of this study conclude that the selection of competitive advantage strategies in institutions should be more directed to the differentiation strategy or focus strategy. Therefore, the performance of the institution can be optimal in maintaining the institution in the long run. This is consistent with the results of other studies by Kisaka and Okibo<sup>35</sup>, which reveals the importance of combining focus and differentiation strategies to increase the competitive advantage of institutions.

The results of this study are in line with the results of a study by Hansen & Ferlie, which states that the business strategy model is the most

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<sup>34</sup> Ahlam Mohammad Alzoubi and Okechukwu Lawrence Emeagwali, "Do Generic Strategies Impact Performance in Higher Educational Institutions? A SEM-Based Investigation," *Business and Economic Horizons (BEH)* 12, no. 1232-2017-2388 (2016): 42-52.

<sup>35</sup> Sylvia Namusoso Kisaka and Dr Walter Bichanga Okibo, "Effect of Porter's Generic Strategies on Expansion of Academic Programmes for Competitive Advantage in Kenya," *International Journal of Research in Management* 1, no. 1 (2014): 5.

appropriate to be implemented in public service organizations<sup>36</sup>. With this model, higher education institutions can be more flexible in determining their competitive strategy. Higher education can determine at what level they can compete, whether competing on the cost of education, reliable services, or serving special needs by providing select majors. This result also illustrates that the concept of market orientation can be used in the context of higher education, as discussed by Deogratias<sup>37</sup>. The use of the concept of market orientation is intended for institutions to survive in the long run amid increasingly complex competition due to globalization.

## Conclusion

The implementation of strategic planning activities at higher education institutions is often constrained by several factors: (1) Inadequate understanding of the leadership of the strategic planning process; (2) it is difficult to accept the concept of market orientation because it comes from the business world; (3) Inability of human resources; and (4) idealism that is not in line with reality. This causes the concepts and theories from the theories on strategic models in the science of strategic management to be abandoned by PTKI, and this makes strategic planning documents were prepared only because of administrative demands, for example, for accreditation.

The results of the study show that the concepts and theories of strategy models from strategists such as Fred R. David and Michael E. Porter are strictly relevant to the context of PTKI. Some PTKIs in Indonesia has proven successful in planning and determining the right strategy at the corporate level as well as at the business unit level. It can be revealed that at the corporate level—also called the institution level, Fred R. David's strategy models can be implemented on either choice of strategy models: vertical integration strategy, intensive strategy, or diversification strategy. Although in the defensive strategy, what is more, applied is the choice of the retrenchment strategy model. Meanwhile, at the business unit level—also

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<sup>36</sup> Rosenberg Hansen and Ferlie, "Applying Strategic Management Theories in Public Sector Organizations."

<sup>37</sup> Bugandwa Mungu Akonkwa Deogratias, "Is Market Orientation a Relevant Strategy for Higher Education Institutions? Context Analysis and Research Agenda."

called the faculty level, Porter's strategy is also well implemented in either choice model of cost leadership strategy, differentiation strategy, or Focus strategy. In creating a competitive advantage, the institution chooses to provide low-cost education, create differentiation with special services on tangible aspects, and open majors or special study programs.

The results of the study have implications for the applicability of strategic models initiated by the company's strategic management experts to be applied to PTKI. Therefore, there is no reason for PTKI not to perform forced strategic planning activities. PTKI needs to perform strategic planning activities so that the development of PTKI can be planned according to the internal and external conditions experienced. Therefore, planning activities can be a means to answer the problems faced by institutions, and then be used as a basis in making the institution more successful in the future. Furthermore, it is suggested for further research to explore how the coordination process between levels is so that the strategies set can be successfully implemented. Therefore, an overview of how the right steps are in strategic planning in educational institutions is obtained with complex multi-level structures.

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