

Obtaining Sustainable Competitive Advantage Through Reputation Management: A Case of Private Universities in Indonesia

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Abstract. Private universities in Indonesia face challenges in attracting and retaining students. This study aims to investigate the causal relationship between variables influencing the sustainable competitive advantage of private universities in Indonesia through a combination of quantitative, qualitative, and mixed-methods objectives. The research employs a concurrent mixed method, combining quantitative and qualitative approaches, to examine the significance of various factors, including academic leadership, value co-creation capabilities, marketing capabilities, innovation capability, and university reputation management capabilities, on the sustainable competitive advantage of private universities. The findings inform the development of a novel conceptual model that explains the influential factors in private university sustainability in Indonesia.

Keywords: Academic leadership; value co-creation capability; marketing capability; innovation capability; sustainable competitive advantage

1 Introduction

The labor market is undergoing rapid transformation due to globalization and digitalization. Universities are facing increased demand for innovative forms of education, but their limited resources pose a hindrance. To ensure their survival, universities must utilize a range of resources. The proliferation of the internet and the accessibility of global information have sparked a new chapter of industrial revival and the growing need for human capital skilled in computer use and capable of working in the modern industrial era [1], [2]. Research on how to enable educational institutions to excel and meet industry needs is vital in this context. However, there was a significant drop in research in 2019 and 2020, which the authors speculate was due to a pandemic shifting research priorities; this does not negate the fact that management science research in education remains a crucial field that is necessary for achieving a sustainable competitive advantage.

The rising public awareness of the value of higher education is driving demand growth. As a result, the number of universities worldwide has surged from 2006 to 2018 and the global student population has also grown, however, the contrary is seen for private universities, where there has been a decline, especially in south-east Asia. In the field of management science, the trend of declining university numbers suggests that there are universities that have closed due to various factors such as competition failure, lower profitability compared to other

universities, inadequate managerial ability, and lower quality of academic service products than other universities [3].

The most significant decrease in the number of private universities indicates that private universities in Indonesia face the most pressing sustainability concerns. Given the downward trend in the percentage of new students, it is assumed that if private universities introduce innovative study programs and have strong accreditations, the number of new students will increase [4]. However, empirical evidence contradicts this perspective. Innovative study programs and high accreditation scores are not always desirable; in the end, they may be forced to close. Despite the increase in the number of private universities, the provision of learning facilities, marketing communication through social media, as well as the variety of study programs and academic services, has not resulted in an increase in the proportion of new students entering private universities [5].

However, recently it was discovered that innovation capability has no significant effect on sustainable competitive advantage [6]. Previously, marketing capability has also been found to have a positive effect on sustainable competitive advantage. However, other studies have reported no significant relationship between marketing capability and sustainable competitive advantage [7]. Overall, the relationship between innovation and marketing capabilities and sustainable competitive advantage is complex and multifaceted. Therefore, based on the gap that was on the factors influencing sustainable competitive advantage, this research uses a concurrent mixed-method with an aim to examine these factors, and create a new conceptual model that can better explain the dynamics of private universities in Indonesia.

2 Literature Review

2.1 Academic Leadership

Human resources and social capital are critical components of gaining a competitive advantage. The development of these resources is accomplished by utilizing and maintaining the organization's core competencies; referred to as strategic leadership, which when well executed, the success of that leadership will be a source of sustainable competitive advantage [8]. Strategic leadership is known as academic leadership in the university context, where its function is to empower the university's human resources and maintain its core competencies. As a result, this study proposes the hypothesis that academic leadership has an impact on sustainable competitive advantage.

2.2 Value Co-creation Capability

According to the resource-based view theory, value-generating resources are essential for gaining a sustainable competitive advantage. The ability to co-create value has a logical impact on sustainable competitive advantage. Sun et al. (2022) found that value co-creation capabilities do not have a significant impact on sustainable competitive advantage in manufacturing companies that use artificial intelligence [9]. Some resources are tangible, while others are intangible. The service-dominant logic theory emphasizes the importance of intangible resources and concepts in producing better value through significant interactions. Customers can help to create value that is unique and tailored to their needs. The university's value co-creation capability consists of intangible resources. As a result, value co-creation capability has an impact on sustainable competitive advantage. This is motivated by the logic

that the value created through value co-creation is unique and difficult to imitate, allowing the university's competitive advantage to be sustainable [10].

2.3 Marketing Capability

Marketing capabilities were discovered to positively influence university market presence and strategic agility [11]. Because the barrier to entry for competitors is higher, market presence can increase sustainable competitive advantage. Furthermore, strategic agility can assist universities in anticipating changes, making quick strategic decisions, and implementing solutions [11]. These characteristics assist universities in avoiding service imitation. As a result, it is possible to hypothesize that marketing capability has a positive impact on sustainable competitive advantage.

2.4 Innovation Capability

Several studies have shown that innovation capabilities have a significant impact on sustainable competitive advantage. However, Ferreira et al. (2019) demonstrated that their research in the context of MSMEs in Portugal found that innovation capability had no significant impact on sustainable competitive advantage [6]. In the context of university governance, Lo and Tian (2020) discovered that innovation capability has a positive influence on the sustainable competitive advantage of Hong Kong universities. Several theoretical foundations support this finding, which states that existing knowledge in individuals aids in the discovery of new ideas, which can ultimately increase sustainable competitive advantage [12].

2.5 Sustainable Competitive Advantage

Some researchers argue that affinity alone is insufficient for developing a good reputation and sustainable competitive advantage. As a result, this study introduces a new variable: the university's reputation management capability. This capability becomes a proactive measure of the university's ability to build, maintain, and enhance its reputation. As previous research has demonstrated the importance of reputation in ensuring sustainable competitive advantage, an alternative hypothesis proposes that the university's reputation management capability has a positive influence on sustainable competitive advantage.

2.6 University Reputation Management Capability

In public universities, reputation has also been considered a tool for achieving sustainable competitive advantage [2]. The significance of reputation serves as the foundation for learning more about how reputation can be managed. Several studies have attempted to investigate the factors that influence reputation; however, most existing research has focused on the perspectives of consumers and employees. Studies on firm-level reputation management are still scarce, such as Goldring's initiative on reputation orientation [13]. Reputation orientation refers to an organization's proclivity for reputation excellence [13].

2.7 IT Maturity Level

Information Technology (IT) has been a driving force in organizational growth, particularly when leveraged in the realm of strategic management, where it plays a key role in the attainment of sustainable competitive advantage. These observations motivate the findings of the significant impact of IT maturity level on organizational progress. IT maturity level is measured by five levels: reactive, efficient, proactive, aligned, and strategic [14], [15]. In the context of universities, the reactive level denotes institutions that use IT only to respond to

user requests, while the efficient level encompasses institutions that utilize IT to solve problems and handle daily tasks. When existing processes are enhanced through the implementation of IT, they reach the proactive maturity level. Institutions achieve the aligned maturity level when IT is used to manage academic services and monitor the performance of all processes. The highest level, strategic, applies to universities that are advantageous in IT operations, specifically when IT has taken on a strategic role in driving innovation within the institution.

3 Methods

Figure 1 illustrates the methodology implemented in this study.

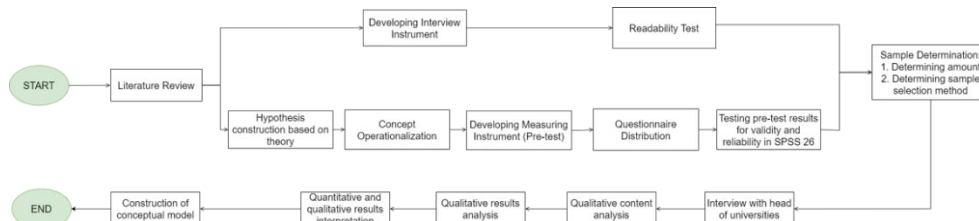


Fig. 1. Methodology for the development of the conceptual model.

After conducting the literature review, in this study, primary sources were obtained directly through questionnaires and in-depth interviews. Secondary sources include data processing on university websites, university strategic plans, and information about private universities on social media. Validity testing using the construct validity test with a minimum correlation score of 0.5 for the construct relationships and 0.7 for Cronbach's Alpha was conducted to determine the instrument's accuracy in measuring the research, while reliability testing was conducted to determine the trustworthiness of the measuring instrument of the questionnaires. As for the qualitative instruments, three experts helped in conducting a readability and validity test to ensure its trustworthiness, authenticity, and credibility.

This study's population consists of 511 private universities in Indonesia that have been accredited by BAN-PT. Given the slight difference in accreditation between the old and new policies, this study classifies accreditation as A as Excellent, B as Very Good, and C as Good; thus, three classifications were used. This study employs a stratified random sampling technique, namely proportionate sampling based on university accreditation, to account for the characteristics of the population, which is divided into several tiered classifications. The final results of the research methods used are then utilized to introduce a new conceptual model of the sustainable competitive advantage for private universities in Indonesia, which takes into account new constructs.

3.1 Hypothesis

Through synthesizing the results from the literature review done on the different constructs affecting sustainable competitive advantage as well as the conducting of questionnaires and in-depth interviews, the authors developed 12 hypotheses to answer the research problems based on the seven objectives of this study (see Fig. 2).

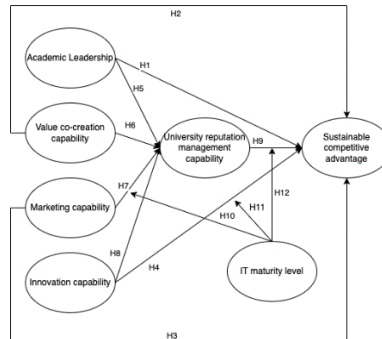


Fig. 2. Conceptual model.

The results of this study indicate that academic leadership, value co-creation capability, marketing capability, and innovation capability all significantly impact sustainable competitive advantage. Additionally, academic leadership, value co-creation capability, marketing capability, and innovation capability all significantly affect a university's reputation management capability, which in turn significantly impacts sustainable competitive advantage. Furthermore, the IT maturity level significantly moderates the influence of marketing capabilities on university reputation management capabilities, the effect of innovation capability on sustainable competitive advantage, and the effect of reputation management capability on sustainable competitive advantage.

4 Conclusion

The distinctiveness and diverse resource conditions of Indonesia's private universities, coupled with the evolving nature of pandemic-related higher education legislation, highlight the need for further research to enhance the sustainability of these institutions. Our study posits that several variables, including academic leadership, value co-creation capability, marketing capability, innovation capability, university reputation management capability, and IT maturity level, hold significant potential for providing a competitive edge to private universities. Further empirical studies could be conducted to more clearly elucidate the role of these variables in the survival of private universities.

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