Performance Achievement As The Impact Of Strategy, Organizational Competence, Strategy Execution And Competitive Advantage A Study On Private Polytechnics In West Java, Indonesia

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ABSTRACT - The higher education environment has changed faster than the ability of higher education to respond: the competition becomes more intense, complex and dynamic, making some polytechnics can thrive, survive and others are stopping operations. This study was conducted to examine the profile of 29 polytechnics in West Java to achieve organizational performance. Research results show that polytechnic performance is affected by the quality of the execution and its competitive advantage, which are determined by the precision and alignment strategies with organizational competence. The model findings of this study could be an analysis tool to solve the polytechnics survival problems, how to face the intense competition and changing environment.

Keywords: Organizational Strategy, Organizational Competence, Strategy execution, Competitive Advantage, Polytechnics' Performance

I. INTRODUCTION
Polytechnics as a form of higher vocational education contribute in producing reliable Indonesian human resources to meet the government's demand to produce graduates who ready to work, have high quality, and high competitiveness. In addition, polytechnics' managers are faced with the challenging rapid development of information and communication technology (ICT), which has a direct influence on the development of curricula and the increasing demands for quality graduates in the work place. Such changes need to be supported by relatively substantial resource management and costs. In 2015 Indonesia will face the Asean Economic Community, as a form of economic integration in Southeast Asia with high level competition. The risk of competition will increase the number of products and foreign human resources that will enter Indonesia in large quantity; this will threaten all industries, including education institutions competing with products and human resources from abroad of much higher quality. Private higher education including polytechnic have to revitalize their strategies to ensure the compliance between their environmental demands and their internal competitive strengths. Polytechnics' inability to respond to the opportunities and the external threats will lead to declining competitiveness and or delay in the achievement of the institution's performance. If this happens, it will threaten the institutions' on-going. Higher education environment changes faster than the polytechnics' ability to change especially if they have limited resources. The impact of competition and the challenging situation has decreased some private polytechnics' numbers of students; some of them even have to stop operations. Based on these descriptions, which have been the reasons for the authors to do this research on the achievement of polytechnics' performance, which are determined by the Strategy Execution and Competitive Advantage, are influenced by the followings:
1) In the midst of tough competition and higher education’s changing environment, some polytechnics are rapidly evolving, some are surviving, and others are stopping their operations.
2) Reasons should be revealed why some polytechnics develop, survive or cease operations, so we can find out how to achieve polytechnics' high performance.

II. LITERATURE REVIEW
The grand theory in this study is strategic management because decisions to be taken by the top management of private colleges in West Java in achieving its performance emphasize the making of strategic decisions that has impacts on the sustainability of the polytechnics. The process of strategic management in a company consists of four basic elements (Wheelen and Hunger, 2010): 1) Observation of the environment; 2) Formulation of strategies; 3) Implementation of strategies; and 4) Evaluation and control. Observations of environment, both external and internal, are conducted to identify strategic factors. Institutions gain a sustainable competitive advantage by implementing strategies that utilize their internal strengths, responding to environmental opportunities, neutralizing external threats, and avoiding internal weaknesses (Jay Barney, 1991). This study focuses on organizational behavior, in line with RBV theory that emphasizes the organization's internal factors, namely Resources, Capabilities and Competence. RBV regards the organization as a combination of resources, capabilities and competence, and tries to understand the influence of these factors on

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performance. Competitive advantage is a result of how organizations’ resources, capabilities and competence are managed (Marcus, 2011: 63).

1) Organizational Strategy
Strategy is the result of a process, in the form of long-term planning that is the missions and objectives of the company in realizing its competitive advantage. Choosing a strategy is the whole broad integrated development plan related to the organization's internal strengths and external environmental opportunities, as well as threats (SWOT) (Wheelen & Hunger, 2010:65). A company’s strategy is defined as the theory of a firm on how to obtain a competitive advantage. Strategy to win competition by creating better customer value than competitors’ (Barney & Hesterly, 2010:4).

Strategy to win the competition through superior customer value creation can be achieved through value disciplines, namely: 1. product leadership, 2. operational excellence, and 3. customer intimacy (Treacy and Wiersema, 1997).

2) Organizational Competence
RBV regards an organization as a combination of resources, capabilities and competence, as well as efforts to understand the influences of these factors on performance. Created distinctive competence is a result of a combination of several organizational capabilities that will provide value for customers, and the interaction between resources and capabilities will bear competence. Resources and capabilities together build a distinctive competence that is difficult to duplicate (Marcus 2011: 63-67).

3) Strategy Execution
Three core elements of the execution process, namely human resources, strategy and operation become the major elements and the center of effective execution (Bosidy and Charan, 2009). Execution is a systematic process of linking strategy, operation and those who implement it, aligning people and their knowledge, as well as remuneration and achievement. The foundation of execution discipline focuses on developing and executing strategies, which creates differentiation. Kaplan and Norton (2010:31) distinguish between managing strategy and managing operation, and emphasize the importance of the implementation or strategy execution. Completing the preparation of strategic plan will bring a great success if followed by the execution or implementation of the strategy. The process of value creation through the strategy execution in regard to the operation, i.e.: 1. operation management process, 2. customer management process, 3. innovation process, 4. the regulatory process and social relationships.

4) Competitive Advantage
Excellence means the position of an organization against other organizations in the industry. Competitive advantage is anything that a firm does especially well compared to rival firms (Fred David, 2011:41). An organization will be leading when it is able to create and deliver better customer value compared to other organizations. Competitive advantage appears when the company manages create more economic value than the competitors (Barney & Hesterly, 2010:12). The core to create a competitive advantage is the Customer Value Creation (Kotler 2000:11). The value of services is a comparison between what customers get with what customers give. Customers get some benefits and give some sacrifice or expend some cost.

5) Polytechnics’ Performance
Basically there is a three-scale measurement in measuring performance, i.e. the strategic, managerial and operational measurements. Strategic measurement relates to the one which has a strategic value, which is very closely related to the fall, survival or development of the organization. This measurement is intended for organization’s top leaders. Managerial measurement concerns with the measurement to assess the performance and becomes the foundation in managerial decision making. Operational measurement refers to the measurement of daily operations and is needed by supervisors and executors (Eko Indrajit, 2006: 152). Polytechnics’ performance in this study includes the level of strategic measurement.

III. METHODE OF RESEARCH
This research was conducted in these steps: 1) descriptive analysis, to get a picture of organizational strategy, organizational competence, strategy execution, competitive advantage, as well as private polytechnics” performance, and 2) verification hypothesis testing, including measurement model testing for each variable, testing the structural model and the relationship between variables through a hypothesis testing. Primary data and information were obtained directly through questionnaires from the Director or Vice Director of Polytechnics or other officials in the polytechnics’ top level management in all private polytechnics in West Java. Secondary data were obtained through a review of data/information from the Higher Education Database (PDPT), Information Center of the Ministry of Education and Culture, Directorate General of Higher Education, Directories of Kopertis IV of West Java and Banten, the Statistics Central Agency (BPS), books, journals, websites of Higher Education, Kopertis IV’s website, as well as brochures and websites of polytechnics from the academic year 2009/2010 until 2013/2014. Data collecting in this study is done through a census on 29 polytechnics operating in Kopertis IV Region. Verification analysis techniques which were used to analyze data related to hypothesis testing is the method of partial least square (PLS).

Model Research
This research analyzes the influence of the variables of Organizational Strategy and Organizational Competence to Competitive Advantage through Strategy execution with the impact to the Polytechnics’ performance.
IV. DISCUSSION AND RECOMMENDATION

1) The Influence of Organizational Strategy and Organizational Competence on Strategy execution. Organizational strategy and organizational competence partially or individually influences the strategy execution, but there is a greater effect from the organization competence. This can be explained and understood as the Organizational Competence consists of resources and capability that are instrumental in the realization of the strategy execution process. The dimensions that contribute considerably lower compared with other dimensions toward the organizational competence is capabilities, meaning that in many polytechnics the organizational resource management capability is not optimal yet. While the dimensions of selecting strategy and vision, mission and goals, as well as the dimensions of operational policies contribute most to the formation of the organization's strategy. The results of the study reveals that the Organization Strategies has a greater effect on strategy execution if done through the Organizational Competence. It is a hint for polytechnics that Organizational Competence is an important component to improve Strategy Execution. By optimizing resources and capabilities and by developing distinctive competence in line the vision, mission and planned objectives, polytechnics will be able to optimize operational management process, customer management process, innovation process and regulatory compliance processes, and relationships maintenance. This reinforces the idea of Bosidy & Charan, 2009, that the three core elements of execution process are human resources, strategy and operations, which are interrelated and at the heart of an effective execution. The presence of the relatively large difference between the effect of indirect and direct effects of Organizational Strategy towards the Strategy Execution, as well as the effect of indirect and direct effect of the Organizational Competence toward Strategy Execution show that the alignment between the Organizational Strategy and Organizational Competence increases the influence on Strategy Execution. Thus polytechnics need to pay attention to the harmony between the Organizational Strategy and Organizational Competence, since the creation of the strategy alignment which is determined by the competency of the polytechnic, will provide a substantially significant impact to the quality of internal business processes in the polytechnics as strategy execution activities. This solidifies the statement (Vogel, 2005) that selection of strategic plans needs to be aligned with an organization's internal strengths. The alignment between resource, projects and initiatives investments and organizational capability and competence will bear competitive advantage. Simultaneously the Organizational Strategy and Organizational Competence affect strategy execution. Although the effect is smaller, organizational strategy has a role in the strategy execution, because strategy selection provides direction to the implementation of business processes performed by the polytechnics. Thus, strategy execution can be effective if supported by the Organizational Competence and the clarity of strategy being set. The role of polytechnics’ directors is to coordinate the organization’s resource management capabilities in accordance with the formulation of Organizational Strategy, so that execution can be done with a good strategy. The key to success of strategy execution lies in the alignment between the strategy chosen and the polytechnics’ competence. That means the quality of the strategy execution will be strongly influenced by the alignment of polytechnics’ strategy and the competence.

2) The Influence of Organizational Strategy and Organizational Competence on Competitive Advantage. The study showed that the Organizational Strategy and Organizational Competence directly influence Competitive Advantage either jointly or respectively. The test results reinforce the notion of Hitt, 2007, that business strategy is an integration and coordination of designing the commitment and action to win the competition in a specific market. Results of this study complements the test results of Vrin Anita Talaja, 2012 at companies that the valuable and scare resources and capabilities influence performance through competitive advantage, as well as strengthen VRIO Framework (Barney, 2010:84); this means the availability of valuable resources and capability or the ability to manage
optimally become the core Organizational Competence, thus it has the potency to encourage the achievement of competitive advantage. There is a relatively big difference between direct the effect of Organizational Strategy towards the Competitive Advantage and the direct influence of Organizational Competence towards Competitive Advantage, compared to the indirect influences. It means that the alignment between the Organizational Strategy and Organizational Competence greatly influences the creation of Competitive Advantage of the institution. As the alignment of strategy which is determined by the polytechnic’s competence will provide a significant impact on the creation of the institution’s Competitive Advantage. Based on the dominant dimensions in the formation of each variable, the result of this research concludes that the Organizational Strategy with clear vision, mission and objectives as well as the selection of appropriate strategies, aligned with the organization's ability to generate core competence, will be able to create the institutions' Competitive Advantage especially in its power to build relationships with customers / stakeholders.

3) Bossidy (2009) emphasizes that execution is a system, a systematic process of linking strategy, operation and people. In this study, the strategy means the Organizational Strategy, the operation is the Strategy Execution, and people are the Organization Competence. The three of them are interrelated and constitute a unity. A polytechnic's director needs to realize that the Strategy Execution is an influential role in realizing the strategy chosen and aligned with the Organizational Competence owned by the polytechnic, to create a superior competitive advantage. Productive, efficient and effective implementation of a strategy can enhance the company’s ability to add value and to differentiate its products compared to competitors’. (Hill, 2010: 405). The dominant dimensions of Strategy Execution are operation management process, customer management process and the process of innovation. Meanwhile, the dimensions with lower contribution in forming the Competitive Advantage are the dimensions of regulatory compliance and social relationships. This shows that the polytechnic’s attention on regulatory compliance processes and the development of social relations or external relations are not as intense as the attention to the internal management process. Further, the dimensions which play a major role in shaping Competitive Advantage are the dimension of college’s reputation, the quality of educational programs, and customer relations. On the other hand, tuition fees play a smaller role in forming the Competitive Advantage; it means only a few polytechnics form their competitive advantage based on the affordability of tuition fees. By paying attention to the dominance of the dimensions mentioned above, it was explained that the quality of operations management process, customer management process and innovation process influences the creation of competitive advantage in the form of the college’s reputation, the quality of education and relationships with customers. From these results, the influence of Organizational Strategy and Organizational Competence through Strategy Execution on Competitive Advantage is proved to be smaller than the effect of Organizational Strategy and Organizational Competence simultaneously and directly to Competitive Advantage. This means the Strategy Execution has a role of weakening the effects on Organizational Strategy and Organization Competence toward Competitive Advantage. Thus Strategy Execution functions as an intervening factor that plays a role in forming Organizational Strategy and Competence which has effects on the Competitive Advantage, based on the premise of Fred R David (2011: 41) that Competitive Advantage can best be defined as everything that is done (executed) by the company compared to its competitors. The essence of creating a Competitive Advantage is the creation of customer value (Kotler 2000: 11), as a comparison between the benefits received by customers and the sacrifice given by customers. The research done at the polytechnics in West Java showed that Strategy Execution does not play an absolute role in strengthening the Organizational Strategy and Organizational Competence in creating Competitive Advantage. This is understandable because the Strategy Execution is the process or activity to change concepts, resources, capabilities and competence (input) into a Competitive Advantage (output). It was identified that in the Polytechnics in West Java there are some limitations in Strategy Execution. By doing some study/elaboration on the dimensions and indicators related to strategy, Organizational Competence and Strategy Execution, it can be revealed that the factors weakening the influence of the Organizational Strategy and Competence toward the creation of Competitive Advantage through the execution are:

1. The general organizational policies and the operational policies, which are derived from selected strategy considered appropriate, have not contributed greatly to the Organizational Strategy. Operational policies with maximum clarity are needed as the main reference to Strategy Execution.

2. Capability of human resources in managing the available resources have not been able to form Organization Competence. It means the weakness of human capabilities to manage resources reduces the productivity and effectiveness of execution which weakens the creation of Competitive Advantage.

3. The process of government regulatory compliance and social relationships have not been contributing to the optimization of Strategy Execution. Thus, one of the indicators of Competitive Advantage in creating a reputation is that the award the institution gained based on government’s indicators and the social environment are still considered low.

4. The results of descriptive research on Strategy Execution showed that customer management process is considered of low quality, while the verification research showed that the customer management dimension is one of the dominant dimensions in generating the optimal Strategy Execution. This shows that the average polytechnics in West Java have not been carrying out good quality customer management and this weakens the execution.
4) The Influence of Competitive Advantage on the Polytechnics’ Performance

This study explains that Competitive Advantage affects the polytechnics’ performance. The dominant dimensions in forming Competitive Advantage is the relationships with the customers and the reputation of the higher education. The polytechnics’ performance is formed almost as strongly by the dimensions of students and graduates, as the performance factors that affect the continuity and development of the private polytechnics. While the influence of BAN-PT accreditation score is smaller than that of the dimensions of students and graduates in shaping the polytechnics’ performance. Based on the formation dominance of each variable, it can be explained that customer relationship and college reputation affect the fulfilment of the quantity of students (market share) and the quality of graduates, as well as BAN PT accreditation. Competitive Advantage is the creation of better economic value for customers compared to one given by competitors (Barney, 2010: 13). In this study it was found that only a few polytechnics emphasize Competitive Advantage in the form of education fees to increase the number of students.

Recommendations:

1) The results of this study illustrate that the quality, productivity, efficiency and effectiveness of Strategy Execution process in creating Competitive Advantage will be obtained when reinforced by the alignment of the Organizational Strategy with Organizational Competence. A focused strategy and Organizational Competence that optimize adequate organization resources and competence can improve the quality of operational management process, customer management process and innovation process. The achievement of polytechnics’ performance will be greatest if supported by high quality strategy execution process, and thus affecting the success in creating superior Competitive Advantage.

2) To improve the competitiveness of polytechnics, the first step is that managers determine the target market to focus on appropriate areas of excellence. Strategy selection must be appropriate in line with the competence and must able to give directions to the entire HR. Sharpness in providing distinguishing element is essential for Strategy Execution.

3) The results of this study can be used and applied by educational organizations to provide solutions for polytechnics as providers of higher education in West Java in addressing competition and changes in the environment by implementing appropriate management strategies through the development of a comprehensive and measurable organizational competence.

4) The model results of this study are expected to be a reference as a diagnostic tool for the management of polytechnics to find the factors that enable the polytechnics to survive and even thrive in the midst of intense competition, so it can be used as a framework for the improvement and development of the polytechnic in West Java.

Based on this research’s results, discussion and problem solving described previously, it can be concluded as follows:

1) The condition of 29 private polytechnics in Kopertis Region IV West Java - Banten in June 2014: Organizational Strategy had been prepared properly and a major concern had been placed on the accuracy of operational policies; Prioritized Organizational Competence is the core competence functioning as a differentiator; Standing out Strategy Execution is the process of innovation; Preferred institutions’ Competitive Advantage is the quality of educational programs. While the things considered to have lower quality are: customer management process, efforts to improve the polytechnics’ reputation, and the score results of the BAN-PT’s accreditation assessment.

2) Organizational Strategy and organizational competence equally affect Strategy Execution, the effect of Organizational Competence on Execution is bigger than the Organization Strategy’s. This shows that the Organization Competence whose formation is dominated by resources and core or distinguishing competence has a very important role in the realization of the Strategy Execution process. Alignment with selected Organizational Strategy and Organizational Competency owned by polytechnics determine the productivity, effectiveness and efficiency of strategy execution.

3) The Organizational Strategy and Organization Competence affected the creation of Competitive Advantage, either partially or jointly. The partial influence of Organizational Strategy and Organizational Competence on the Competitive Advantage was smaller than the effect of both of them together.

4) The influence of Organizational Strategy and Organizational Competence to the creation of Competitive Advantage through the Strategy Execution is smaller than the direct influence of Organizational Strategy and Organizational Competence to the creation of Competitive Advantage. So, the role of Strategy Execution weaken the influence of the Organizational Strategy and Organizational Competence towards the creation of Competitive Advantage. Preferred creation of Competitive Advantage is the quality of polytechnics’ education and polytechnic’s reputation and relationships with students, strongly influenced by the accuracy of the strategy selection of the organization, which are aligned with Organizational Competence through the quality operational management process, customer management processes and innovation process. Identified factors that weaken the influence are 1. Lack of clarity in organizational general policy and operational policy, 2) weakness of human capability to manage resources, 3) Lack of attention to the process of government regulatory compliance and social relationships. 4) Lack of quality customer (stakeholders) management.

5) Competitive Advantage affects the achievement of the polytechnics’ performance. Excellent through polytechnics reputation, high quality education and building relationships with customers affect the
increase in the number of students and the quality of graduates. Only a few polytechnics put his lead through affordable pricing to increase the number of students.

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