

economic long-term benefits. Organizations that innovate will be able to achieve success and innovation in all of its products and services, which will lead to the increasing value. Moreover, the higher the innovation is conducted; it will eventually provide long – term economical benefits. For example is the innovation conducted by *Universitas Indonesia*, as it is mentioned by Muhammad (2012) that it is innovation in education that has made the *Universitas Indonesia* a leading higher education institution with a mission to provide a good educational access for Indonesians. Kim and Mauborne (2008) mentioned that in Blue Ocean Strategy, value innovation is defined as the pursuit of differentiation simultaneously and lower cost. Value innovation is created in an area where the company's action will affect the cost structure and value offers positively toward its customers. Cost efficiency can be achieved by diminishing and reducing competitive point factors in the industry. As time goes by, costs are getting lower when the economics of scale is reached after higher sales volume resulted from superior value can be created. WHO (2012: 37) proposed the value innovation components in the education services, such as (1) relative profit, which is the degree of innovation that is considered profitable to its recipient. The level of profit or benefits of an innovation can be measured through its economic value, satisfying, and social status, or because it has important components. The more profitable for its recipient, the innovation can spread even faster. Therefore, relative profit in HEIs has become a consideration for its students in choosing preferable HEIs. (2) Compatible, which is defined as the level of suitability of innovation with the recipients' value, past experiences, and needs. Therefore, students choose HEIs based on others past experiences that have experienced particular study program in on of the HEI as well as in accordance to the candidates' needs. (3) Complexity, which is defined as the level of difficulties to understand and use innovation for its recipients. An easily understandable and implemented innovation will spread faster than innovation that is difficult to be understood or implemented. (4) Trialability, which is defined as whether an innovation can be try or not by the recipients. Learning innovation, for example, can be given to the students as a trial to find out whether the innovation can create changes toward the learning process of that particular HEI. (5) Observability, which is defined as the easily observed innovation. Innovation implemented by HEIs, for example is the innovation in promotion involving information technology that can be observed by the students and society.

Flatt and Kowalczyk (2011 : 2) based on Walker's opinion mentioned that reputation can be identified using five attributes, including (1) perception – based reputation (both internally and externally); (2) reputation as the perception of all parties with interest

(stakeholders); (3) reputation as inherent comparison; (4) reputation can be positive and negative; and (5) reputation is stable and continuously. Based on those five definitions of reputation, it can be concluded that reputation is a positive or negative perception from parties with interest both internal and external, such as society, employees, managers, teachers / lecturers, government, students, and other stakeholders related with the HEIs. Barron and Rolfe (2011: 15) proposed the measurement of company's reputation, which is the generic concept of Warmth exhibits a similarly high face validity when compared to Fombrun's remaining pillars, including: emotional appeal, social responsibility and workplace.

Emotional appeal is the questions related to the feelings toward the HEIs, whether it is admiration and respect or faith toward that particular HEIs; workplace environment is the questions related to the management of HEIs and its relationship with the employees / lecturer ways of working; and social responsibility is the questions related to the HEIs' responsibility toward its environment and their treatment toward the human through the devotion program to the society. Meanwhile, Burke, Martin, and Cooper (2011: 9) mentioned that reputation can be also measured by using six components, including responsibility, communications, product and services, talent, financial measurement, and leadership. The different with Barron *et al* is that there is an addition of product and services, financial measurement, and leadership elements. (1) Product and services is the questions regarding education services' quality; (2) financial performance is the questions regarding the degree of the HEIs' ability to increase its survival rate; and (3) vision and leadership is the questions regarding the ability of the HEIs to design a suitable vision as well as how the managers' leadership is able to achieve the proposed target. Chun (2005: 102) proposed the variables that can shape the HEIs reputation, which is considered more comprehensive compare to the other two opinions, which is consist of six major categories:

- 1) Emotional appeal, which is the questions of feelings toward the HEIs, whether it is admiration and respect or faith toward the HEIs;
- 2) Product and services, which is the questions regarding the education services' quality;
- 3) Financial performance, which is the questions regarding the degree of HEIs to increase their rate of survival;
- 4) Vision and leadership, which is the questions regarding the ability of the HEIs in designing a suitable vision as well as how the leadership of the managers in achieving the proposed target;

- 5) Workplace environment, which is the questions regarding the management of HEIs and its relationship with the employees / lectures ways of working; and
- 6) Social responsibility, which is the questions regarding HEIs' responsibility toward the environment and its attitude toward the human through its devotion program to the society.

Reputation is sustainable when it is consistent with its words and attitude (Shamma (2012: 155). HEIs in this competition era needs to be able to compete so that they will be able to persuade the students to enroll based on the existing capacity, and no longer rely on government' subsidized fund in operating the HEIs. Instead, the HEIs need to be able to be independent, which will lead to the increasing of tuition fees to their students. HEIs' reputation can be built through public relations' activities, because they are there for the sake of the organizations, both commercial or non – profit organizations. Daily PR activities are conducting two – ways communication between the organization and its public with the purpose of creating a mutual understanding and support to achieve a certain objective, policy, production or service activities, and etc; for the sake of the organization's improvement and positive reputation. Thus, PR activities are closely related to the shaping of public opinions and the society's shifting attitudes. As it is mentioned before by Barney (1991) that reputation is one of the key elements of intangible resources, which will become the source of the creation of sustainable competitive advantage of a company. Moreover, Hall (1992. 1993) described intangible resources as feedstock, capability differential, which create sustainable competitive advantage, and superior company's performance. This perception is in accordance to the definition provided by Larkin (2003) that mentioned reputation as a valuable asset, where its elements can influence the finance performance as well as to provide a source of competitive advantage. A study conducted by Fombrun (2001) concluded that company's reputation is:

- 1) The result of corporate branding in the marketing field (research conducted by Klein and Leffler, 1981);
- 2) The signal from the future's action and attitude where the company is agreed to assess and promote the hopes of the principal regarding the activities of the agent in accordance to the agency theory (research conducted by Spreeman, 1988);
- 3) Good intentions as it is disclosed in the accounting (research conducted by Hall, 1992);

- 4) Manifestation of the company's identity in accordance to the agency theory (research conducted by Fombrun, 2001);
- 5) Potential market entry barrier in accordance to the agency theory (research conducted by Wilson, 1985); and
- 6) The result of shaping process that can improve the company's image in the capital market and in the investor's perception (research conducted by Millgrom and Roberts, 1986)

To measure the university's reputation, the author tries to adopt the research result conducted by Chun (2005: 102) that there are several methods to measure the reputation, which are used as the basic to determine the variables, which will influence university's reputation. One of the methods is a study conducted by Fombrun (1996), where in his research, he requested the stakeholders to estimate the HEIs overall, thus, its resulted that HEIs reputation is build based affective reaction of the students, foundation, employees / lecturers, and societies without the explanation of why was it only focusing on affective reaction. Moreover, Hall (1992) combined cognitive and affective components in the business world with the explanation that company's reputation can be influenced, both by knowledge and the emotions of the individuals in the company. Based on the description above, Barron and Rolfe (2011: 15), Burke, Martin, and Cooper (2011: 9), and Chun (2005: 102) used six major categories to build variables that could shape HEIs reputation, including:

- 1) Emotional appeal, which is the questions of feelings toward the HEIs, whether it is admiration and respect or faith toward the HEIs;
- 2) Product and services, which is the questions regarding the education services' quality;
- 3) Financial performance, which is the questions regarding the degree of HEIs to increase their rate of survival;
- 4) Vision and leadership, which is the questions regarding the ability of the HEIs in designing a suitable vision as well as how the leadership of the managers in achieving the proposed target;
- 5) Workplace environment, which is the questions regarding the management of HEIs and its relationship with the employees / lectures ways of working; and

- 6) Social responsibility, which is the questions regarding HEIs' responsibility toward the environment and its attitude toward the human through its devotion program to the society.

Strain (2011: 177) mentioned that a suitable competitive advantage strategy can increase the company's ability to conduct value innovation. Moreover, Hussain and Ilyas (2011: 1233) also mentioned that innovation conducted by a company would create competitive advantage, which is initiated by the determination of a suitable competitive strategy. In other words, if the competitive advantage strategy is conducted appropriately, it is easier for the company to conduct value innovation, which will lead to the creation of competitive advantage. Chen and Chang (2011: 5743) explained that core competence of a well – managed company would facilitate the company to conduct value innovation. Momeni et al (2011: 475) also mentioned that core competence that is built through the management knowledge is considered as a procedure that could improve responsiveness and the value of a company's innovation in accordance to the organization's performance. Based on the perspective above, it can be concluded that a well – implemented core competence will improve the value innovation conducted by the company. Flatt and Kowalczyk (2011: 1) mentioned that company's reputation can be built positively if the company able to implement competitive advantage strategy in an appropriate way. Tavitiyaman, Qu, and Zhang (2011: 651) also mentioned that the strength of competitive factors in the industry as a basic to formulate competitive strategy, which will lead to the improvement of behavior performance is considered as intangible asset of a company, or it can also be mentioned as company's reputation. Based on the perceptions above, it can be concluded that competitive advantage strategy can improve company's reputation in a positive way.

McGee in Hua (2011: 2087) explained that the elements that differentiate the education institution is the competence differentiation owned by the education institution or can also be mentioned as core competence, which is the basic to improve the quality of the institution's reputation. Moreover, Henard and Roseveare (2012: 8) added that core competence of an education institution as world Class University emphasizing researches' performance as a basic to maintain the institution's reputation. Based on the perception above, it can be concluded that core competence can improve company's reputation in a positive way. Bolleaert et al (2007: 42) mentioned that value innovation conducted by the HEIs will improve institution's reputation in a positive way. Moreover, Malmarugan and

Sankaran (2007: 104) also mentioned that the innovative approach in managing education institution would maintain positive institution's reputation in the perception of the society. Based on the perception above, value innovation implemented by the HEIs will improve the institution's reputation in a positive way. Furthermore, the variables relationship in this research can be seen in table 2.

Table 2. Relationship between Research Variables

No.	Variable	Value Innovation	Reputation
1	Competitive Advantage Strategy	Strain (2011: 177) mentioned that a suitable competitive advantage strategy can increase the company's ability to conduct value innovation. Moreover, Hussain and Ilyas (2011: 1233) also mentioned that innovation conducted by a company would create competitive advantage, which is initiated by the determination of a suitable competitive strategy.	Flatt and Kowalczyk (2011: 1) mentioned that company's reputation can be build positively if the company able to implement competitive advantage strategy in an appropriate way. Tavitiyaman, Qu, and Zhang (2011: 651) also mentioned that the strength of competitive factors in the industry as a basic to formulate competitive strategy, which will lead to the improvement of behavior performance is considered as intangible asset of a company, or it can also be mentioned as company's reputation.
2	Core Competence	Chen and Chang (2011: 5743) explained that core competence of a well – managed company would facilitate the company to	McGee in Hua (2011: 2087) explained that the elements that differentiate the education institution is the competence differentiation owned by the

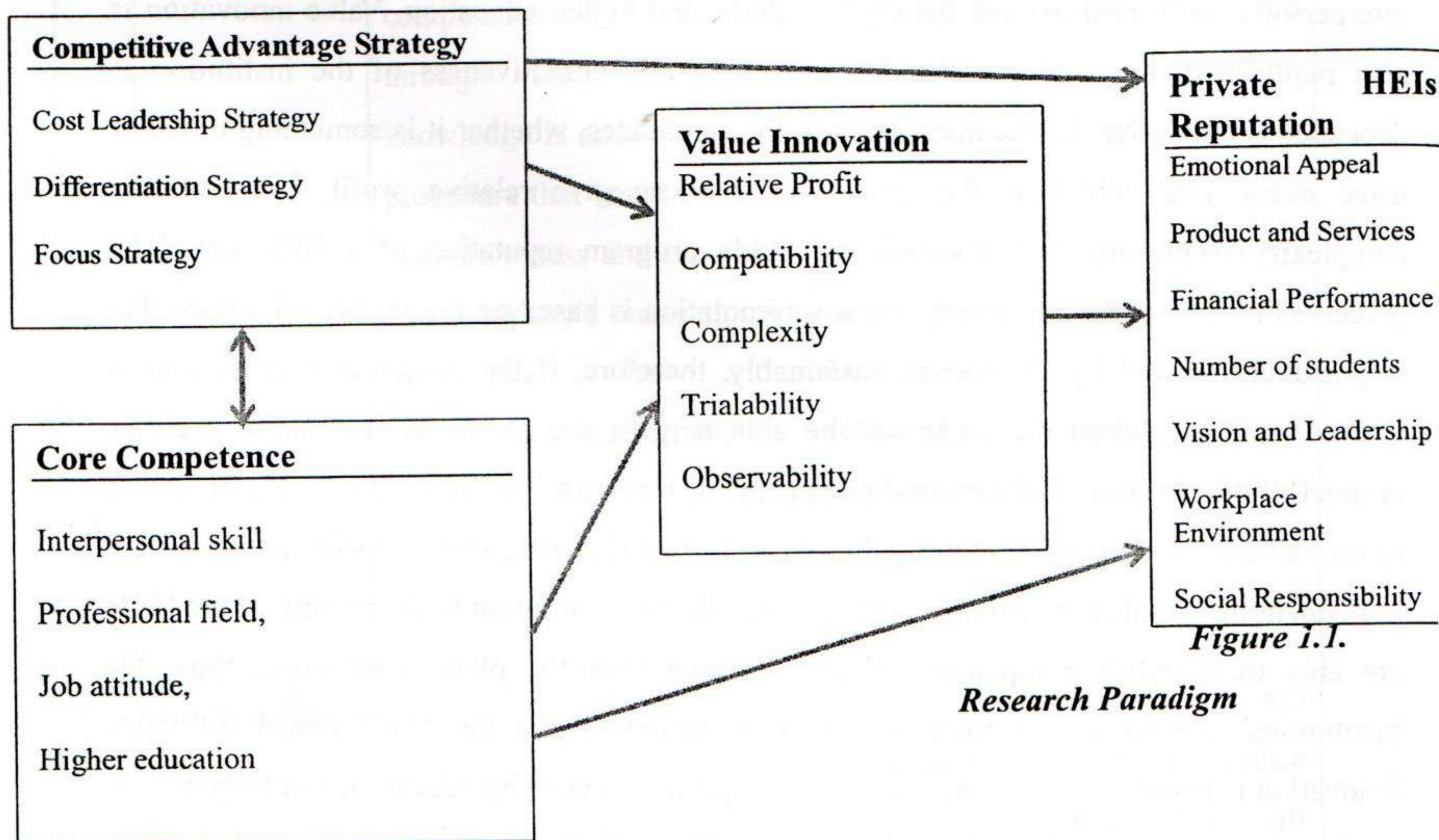
		<p>conduct value innovation. Momeni et al (2011: 475) also mentioned that core competence that is built through the management knowledge is considered as a procedure that could improve responsiveness and the value of a company's innovation in accordance to the organization's performance.</p>	<p>education institution or can also be mentioned as core competence, which is the basic to improve the quality of the institution's reputation. Moreover, Henard and Roseveare (2012: 8) added that core competence of an education institution as world Class University emphasizing researches' performance as a basic to maintain the institution's reputation.</p>
3	Inovasi Nilai		<p>Bolleaert et al (2007: 42) mentioned that value innovation conducted by the HEIs will improve institution's reputation in a positive way. Moreover, Malmarugan and Sankaran (2007: 104) also mentioned that the innovative approach in managing education institution would maintain positive institution's reputation in the perception of the society.</p>

4. Conceptual Framework

Competitive advantage strategy is a strategy implemented by HEIs to improve their internal capabilities so that capability match can take place. Competitive advantage strategy is appropriately implemented by the HEIs if it has capability's strength and vice versa, where competitive advantage strategy can be implemented through the expression of superior value to the students, which is something that HEIs normally do to increase the number of students

by implementing differentiation strategy, low – cost leadership strategy, and focus strategy. Core competence is essential for every HEIs, because it differentiate the superiority between one and the other HEIs. Core competence owned by education institutions should include interpersonal skill, professional field, job attitude, and higher education. Value innovation is also required to be conducted by HEIs, because the attractiveness of the institution is depended on the offers of the institutions to the candidates, whether it is something novel or usual every year, which is the innovation that can give relative profit, compatibility, complexity, trialibility, and observability. Study program reputation of a HEI should be perceived positively by the society, because reputation is based on the instution's image that is positively viewed by the society sustainably, therefore, if the institution's reputation is viewed positively, then the HEIs will be able to gain the society's admiration, increase product's attractiveness and services' management, maintain insitution's survival rate, move toward a better vision and leadership, build comfortable learning environment condition, and implementing social responsibility in the form of devotion program to the society. If the HEIs are able to establish competitive advantage more than the other institutions, thus, the institutions' capability will increase, which eventually make the establishment of value innovation is getting easier. Moreover, core competence owned by education instituions is the result of value innovation. Therefore, competitive advantage strategy as well as core competence will increase value innovation. A positively recognized study program's reputation of a HEI by the society will create the admiration of the society toward the institution, increasing product attractiveness and services' management, maintain insitution's survival rate, move toward a better vision and leadership, build comfortable learning environment condition, and implementing social responsibility in the form of devotion program to the society; can be achieved if competitive advantage strategy that could improve competitive advantage is conducted with the support of the core competence. Therefore, competitive advantage strategy and core competency have influenced toward the reputation. Value innovation is basically the HEIs' ability to reduce cost structure and improve benefits to the students to improve HEIs' reputation as to improve positive image that could lead to the admiration of the society toward the institutions, increasing product attractiveness and services' management, maintain insitution's survival rate, move toward a better vision and leadership, build comfortable learning environment condition, and implementing social responsibility in the form of devotion program to the society.

Based on the description in the conceptual framework above, thus, research paradigm can be illustrated in the figure follow:



5. Hypotheses

- 1) a. Bachelor of Management Study Program of Private HEIs in DKI Jakarta is capable of formulating competitive advantage strategy.
- b. Bachelor of Management Study Program of Private HEIs in DKI Jakarta is capable of utilizing core competence.
- c. Bachelor of Management Study Program of Private HEIs in DKI Jakarta is capable of conducting value innovation.
- d. Bachelor of Management Study Program of Private HEIs in DKI Jakarta is capable of enhancing positive reputation in the societies' perception.
2. Competitive advantage strategy and core competence are influencing the value innovation, both simultaneously and partially.
3. Competitive advantage strategy and core competence are influencing the reputation, both directly and indirectly, through value innovation.

4. Value innovation is influencing the reputation.

5. Research Methodology

This is a descriptive and verificative research. Descriptive research is a research that has a purpose to determine the characteristics of variables, where in this research is to determine the overall perception regarding competitive advantage strategy, core competence, value innovation, and reputation of Bachelor of Management Study Program in Private HEIs. Meanwhile, verificative research is to test hypothesis through the collection of data in the field, which in this research is tested whether or not the competitive advantage strategy and core competence are influencing value innovation and its implication at reputation. Because this research is descriptive and verificative research through data collection in the field, therefore, the research method implemented in this research is descriptive survey and explanatory survey. Therefore, the type of investigation in this research is causality, which is the type of investigation that investigate the connection between independent variables of competitive advantage strategy and core competence toward value innovation and reputation based on cause and effect relationship. *Unit analysis of this research is Bachelor of Management Study Program in Private HEIs in DKI Jakarta, meanwhile unit observation in this research are the Dean and Head of Bachelor of Management Study Program in Faculty of Economics. Time horizon in this research is cross sectional, which is a research conducted in a single time period.*

6a. Operational Variables

To collect data in this research, therefore, detail description of a number of variables with its concept, indicator, measurement, and scale is conducted. Detailed description of the research variables is disclosed in table 3.

Table 3. Operational Variables

VARIABLE	CONCEPT	SUB VARIABLE/ DIMENSION	INDICATOR	SCALE
Competitive Strategy Advantage (ζ_1)	A combination of objectives proposed by Private HEIs with the tools (policies) being used to achieve its objectives or the quest of mutual position in a market as a place to compete.	Cost Leadership Strategy (X1)	Superiority level in terms of cost compare to its competitors	Ordinal
			Superiority level in terms of benefits compare to its competitors	Ordinal
		Differentiation Strategy (X2)	The differentiation level in the learning process	Ordinal
			The level of promptness in responding toward changes	Ordinal
			The level of flexibility in services	Ordinal
		Focus Strategy (X3)	The level of servicing particular segment using cost leadership	Ordinal
The level of servicing particular segment using competitive advantage	Ordinal			
Core Competence (ξ_2)	Organization's capability with superiority in accordance to the changes in the market as well as the capability to establish competitive advantage.	Interpersonal skill (X4)	The level of ability to solve problems	Ordinal
			The level of attention to the students	Ordinal
			The level of willingness to solve problems	Ordinal

		Professional field (X5)	The level of ability in providing professional services	Ordinal
		Job attitude (X6)	The level of skills' compatibility with the job	Ordinal
			The level of cooperation in the team	Ordinal
			The level of persistency in working	Ordinal
			The level of ability to be initiative in working	Ordinal
		Higher Education (X7)	The level of ability to graduate	Ordinal
Value Innovation (η1)	The pursuit of differentiation simultaneously and lower costs.	Relative Profit (Y1)	The level of profit gain from innovation	Ordinal
		Compatibility (Y2)	The level of compatibility of innovation with the experiences from other Private HEIs	Ordinal
		Complexity (Y3)	The level of complexity in comprehending innovation by the students and lecturers	Ordinal
		Trialability (Y4)	The level of simplicity to be tested by the students and lecturers	Ordinal
		Observability (Y5)	The level of simplicity to be observed by the	Ordinal