

THE EFFECTS OF VALUE CREATION MODEL AND EXCELLENT SERVICES ON THE UPI IMAGE AND COMPETITIVENESS TOWARDS A RESEARCH-BASED TEACHING UNIVERSITY

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ABSTRACT

The Law Number 12 of 2012 concerning Higher Education (UUPT) stipulates that all Legal Body State Universities (PT BHMN) to be changed into State University Legal Body (PTN BH). The change provides opportunities to seven PTBHMN to design new statutes. The model of PTN BH is similar to PT BHMN except that PTN BH's financial system must follow Public Service Body (BLU). Basically, it is a strategic policy although complex problems often arise in its implementation. With its BLU Status, UPI has not yet met criteria of self-directing, self-motivating, self-regulating, self-supporting, self-assessing and self-decision making in order to respond to challenging situations, as it is a rigid, and set-forth-by-government regulation. The problem lies in how to put UPI in its role and position as PT PKBLU effectively and efficiently while also giving accountability and competitiveness. This is not easy. It takes a paradigm change and unconventional managerial strategy. Today, the number of private universities is increasing and each of them offers advantages. Indonesia University of Education must always be ready to compete with other universities, both private and state universities. However, compared to other state-owned universities, Indonesia University of Education is still left behind. Therefore, this research will focus on Indonesia University of Education's competitiveness. To find out how UPI can improve its competitiveness to be a Research Based Teaching University, the writer is going to focus on a value creation model, excellent services, and UPI's image which are influencing the improvement and enhancement of competitiveness.

The units of analysis of the research are graduate students from 40 departments at Indonesia University of Education. To find out the influence of each proposed indicator, the research employed SEM analysis, in which each variable was tested by a measurement model. The results show that a value creation model, superior services, institution's image, and UPI's competitiveness can lead UPI to be a Research-Based Teaching University.

Keywords: Value Creation Model, Superior Services, Institution's Image, and competitiveness

1. Introduction

1.1. Background

On the 31st March 2010, the Constitutional Court (MK) granted Judicial Review appeal of Law Number 9 of 2009 concerning the Educational Legal Body by MK Decision Number 11-12-21-23-136/PUU-VII/2009. Finally, the controversial Law of Educational Legal Body (UU BHP) is unconstitutional based on MK's decision. After the revocation of UU BHP, the government stipulated Government Regulation number 66 of 2010 in lieu of Government Regulation number 17 of 2010 concerning education management and implementation to be PTN (State University) with financial management based on general

service body (PKBLU). This has led UPI to transform into a state university with financial management based on the general service body based on the government regulation. Basically, it is a strategic policy although complex problems often arise in its implementation. With the BLU Status, UPI hasn't met criteria of self-directing, self-motivating, self-regulating, self-supporting, self-assessing and self-decision making to respond to this challenging regulation, as it is a rigid government regulation. The problem is how to put UPI in its role and position as PT PKBLU effectively and efficiently while also having accountability and competitiveness.

A university as an institution that provides educational services, plays

important roles in society. A university can change society's mindset; has an obligation to educate the people; and more importantly, must be able to bring advancement in every aspect of its country through its graduates. A university is related to the people's intellectual and skill development. Indeed, such factors determine who controls all things as globalization advances and the world becomes "smaller."

Marketing in educational services is not new but it is interesting to study since it is related to the function of educational institutions. The importance of such function must be realized by the formal institution that will improve its quality in providing services.

Acknowledgment of an organization can be measured by the image of the organization. Durianto(2004:10) suggests

that image is an asset and liability related to a brand, name or symbol that can increase or decrease the value of a product or service. (2004:4).

One way to see the equity of a university brand is by looking at the following research results. The following is a list of Universities in Indonesia categorized as the world's top Universities according to Cybermetrics Lab. The rank is determined based on their existence on the internet. Indonesia has 26 representatives in the world's top 5,000 universities from of 16,000 universities surveyed and ranked. The ranking only measures how much a university utilizes the Internet. However, it must be noted that best universities in the world also has an excellent webometrics rank . The list is presented below.

TABLE 1.1
HIGHER EDUCATION BEST IN THE WORLD BASED ON Webometrics 2013

Indonesia Rank	World Rank	University Name	Top South East Asia
1	249	Universitas Gadjah Mada	8
2	277	Institute of Technology Bandung	9
3	365	University of Indonesia	10
4	898	Institut Teknologi Sepuluh Nopember	26
5	1024	Bogor Agricultural University	27
6	1031	Indonesia University of Education	28
7	1186	Universitas Sebelas Maret	31
8	1237	Gunadarma University	33
9	1310	Diponegoro University	36
10	1323	Universitas Sriwijaya	37

Source: <http://www.webometrics.info/about.html>.

Data above from Webometrics updated in January 2012 Webometrics surveyed 20,372 universities around the world, 352 universities in Indonesia were among the 20,372 Previously, there were 149 universities from Indonesia. Meanwhile, 35 universities in Indonesia were among the Top 100 South East Asian Universities.

Based on the research, Indonesia University of Education is only 5 of the universities in Indonesia. Therefore, its competitiveness and equity value are considered low.

According to Hill and Jones (2009:191), competitiveness is an organization's ability to formulate a strategy in order to exploit opportunities, by optimizing investment return.

In the meantime, Porter (1994:1) suggests that competitiveness is the heart of an organization's performance in a competitive market. An organization that has a competitiveness must have a highly-considered image.

Image is a value-added given to a product or a service. This value is reflected

TABLE 1.2
2012 WCU RANKING OF INDONESIAN UNIVERSITIES

Rank	University
1	Bandung Institute of Technology
2	Indonesia University
3	Universitas Gadjah Mada
4	Gunadarma University
5	Indonesia University of Education
6	Diponegoro University
7	Universitas Sebelas Maret
8	Institut Teknologi Sepuluh Nopember
9	Airlangga University
10	Bogor Institute of Agriculture

Source: www/4ICU/daftar-rangking-universitas-terbaik-di.html

in how consumers think of, feel about, and act upon brand, price, market share, and profitability of a company. Image is an intangible asset with a psychological and financial value for the company. (Kotler, 2012:335).

Creating an image is not easy. One aspect that influences an image is how far an educational organization provides satisfaction to the consumers so that they will think highly about the organization's products or services. One way to gain such a good image is by providing excellent or premium services to the consumers.

Essentially, premium services are based on business people's effort to provide their best services as a sign that they care about their consumers or customers. (Barata, 2006:25).

Alma(2010:46) suggests that: "Educational institutions essentially aim to provide services. People who are being serviced want to get satisfaction from the service..." Value creation is one of the indicators that affects image improvement. The value is related to the benefits gained by consumers.. Usmara: (2003:113) suggests that: "Recognizing customers' satisfaction is important. However, satisfaction alone is not enough. Satisfied customers are not

necessarily loyal customers. They may abandon you when your competitors create a new product with superior value."

Based on that statement, customers' value is an important aspect of customers' action is important. However, it still contributes to a brand's image.

Customers' value is dynamic since it is affected by micro environment, competitive innovation, and the occurrence of a new market. Since it is unstable, the customers' value must be retained by creating adaptable value and providing a product or a service in accordance to the changes. Based on the above explanation, Indonesia University of Education lacks of competitiveness since its image has not yet been strategically enhanced. Image is an important matter to study because it is related to stakeholders' trust. Value creation and excellent service are solutions that can solve this problem in order to become a more research based teaching university.

1.2 Research Questions

Based on the above explanation, the problems of this research are formulated as follows:

1. How is value creation at Indonesia University of Education described ?

2. How is excellent service at Indonesia University of Education described ?.
3. How is Indonesia University of Education's image described ?.
4. How is strong is Indonesia University of Education's competitiveness as a research based teaching university?
5. What is the effect of value creation, excellent service, and image on Indonesia University of Education's competitiveness as a research based teaching university. ?

1.3. Aims and Purposes of the Research

Based on the formulation of the problems, the aims and purposes of the research are as follows:

1. To describe value creation at Indonesia University of Education.
2. To describe excellent service at Indonesia University of Education.
3. To describe Indonesia University of Education's image.
4. To describe Indonesia University of Education's competitiveness as a research based teaching university.
5. To describe the effect of value creation, excellent service, and image on Indonesia University of Education's competitiveness as a research based teaching university.

1.4 Benefit of the Research

It is hoped that the research results will be valuable both theoretically and practically. Theoretically, the research results are expected to provide conceptual contributions to research and science development in marketing, especially related to:

1. Understanding about theoretical construction of value creation, excellent service, image, and competitiveness variables.
2. The causality relationship between value creation and image; and excellent service and image; that affect UPI's competitiveness as a research based teaching university.

Practically, the research results are expected to provide valuable information to relevant individuals, especially the study programs at Indonesia University of Education, about competitiveness and image affected by value creation and excellent service.

1.5. Urgency of the Research

The Law Number 12 of 2012 concerning Higher Education (UUPT) declares that all Legal Body State Universities (PT BHMN) shall be changed to State University Legal Body (PTN BH). The change provides an opportunity to 7 PTBHMN to design a new statute. The model of PTN BH is similar to PT BHMN except that PTN BH's financial system must follow General Service Body (BLU). As a former PT BHMN, UPI was preparing a new statute that must be completed in October 2012 to be approved as Government Regulation (PP). The development team completed the statute draft on October 2nd, 2012. The draft is in the socialization stage to gain input from society of academicians, alumni, and public. The draft and the input can be accessed directly. The socialization was conducted in all units at UPI to gain input from the society of academicians. The socialization and discussion in every unit at the university were aimed to provide comprehensive input to the new statute. The socialization was expected not merely as formality, since this was related to the university's future. There were several strategic values needed to be considered by all individuals so that UPI would not have to face other transitions in the future. Therefore, UPI will be able to concentrate on more strategic development programs. The development of strategic programs can be created through the creation of superior value, service and image of UPI of as a research-based-teaching university can be achieved

2. Literature Review

2.1.State of Art of Value Creation and Service Excellence in Improving the University's Image

Value Creation is an activity that can improve a value of a product or a service. Value creation refers to a process that provides benefits to the customers and business; and

it is the most important process in running a business by involving the majority of employees to create a product, service and positive results for stock holders.

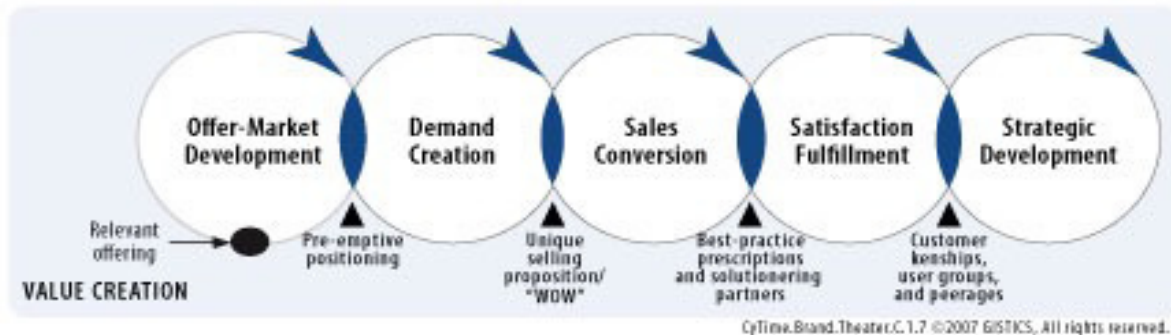


FIGURE 1
Value Creation Consists of a Five-Phase Process

Kotler Keller 2012 ;215

1. Offer-Market Development. At this stage, the brand develops into a product or a service based on needs and market research.
2. Demand Creation. When there is a need while no service is provided, the brand manager must generate a demand.
3. Sales Conversion. At this stage, consumers start to focus on a brand in the process of purchase. Companies attempt to create customer's satisfaction.
4. Satisfaction Fulfillment. At this stage, consumers transform purchases into satisfying purchases. Product supply focuses on expectation fulfillment, solving problems, and providing customers' satisfaction.
5. Strategic Development. At the fifth stage of value creation, the brand manager must evaluate the brand existence in the future.

Based on the above stages, it can be concluded that value creation must be in accordance with the needs and market demand to gain customers' satisfaction. This includes focusing on how the value can be delivered to the customers. The following is the framework of value creation.

The framework is started by searching value wanted by stakeholders. The next step is approving and developing the approach, and concludes with delivering value by implementing the company's promises. In this research, value is created by adapting values or indicators in value chain, value shop, and value network. In value chains, a company is

expected to gain materials, to deliver service, to create service; and then to market, sell, and serve consumers in the process of the service delivery. Adapting value creation through the value chain activity means that the company must always work based on standards in order to be able to deliver a product to the customers.

In the value shop, the company must always work to create value by solving customers' and clients' unique problems. The process starts by identifying problems, finding appropriate solutions, and controlling and evaluating the solutions.

The essence of value network is to

FIGURE 2
FRAMEWORK OF VALUE CREATION

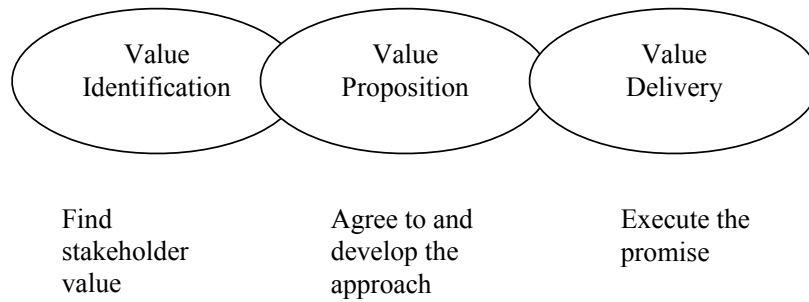


FIGURE 2
FRAMEWORK OF VALUE CREATION

Kotler Keller 2012 ;331

build relationships. “More connection with customers means higher value creation to be delivered to the customers.” (Gottschalk, 2007:6) Through value chain, a company can improve its image. Image is an asset and liability of a brand, name, and symbol;

and can increase or decrease the value of a product or service of a company to customers (DarmadiDurianto, 2004:4). Kotler Keller 2012:335 suggests that an institution’s image is an added value of a product and service. Value is reflected in how consumers

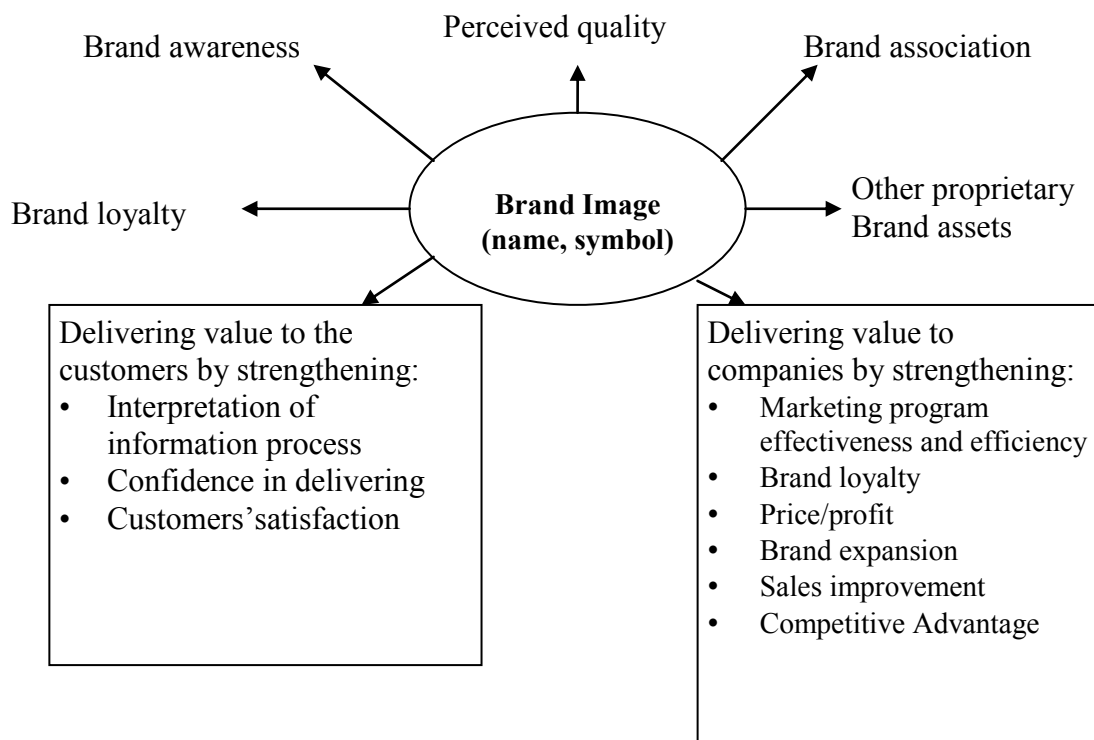


FIGURE 3
THE CONCEPT OF IMAGE
Source: Darmadi Durianto (2004:5)

think of, feel about, and act upon a brand, a price, a market share, and profitability of a company. Image is an intangible asset with a psychological and financial value for the company. The concept of image is shown in Figure 3. From the figure we can conclude that customers' value creation is an important component to build brand equity. Building brand equity can be achieved by improving:

1. Interpretation/information process of a product or a company;
2. Confidence in delivering value to the customers;
3. Customers' satisfaction.

In addition, image can add value to the company. Value can be added by improving:

1. Effectiveness and efficiency of a marketing program

2. Brand loyalty
3. Price/profit
4. Brand expansion
5. Sales improvement
6. Competitive profit

Value is not the only aspect that influences the image. Service excellence is a very important part to improve an image, since excellent service will lead to good perceived quality, as explained below:

Perceived quality is the customers' perception of overall quality of a product or a service, in relation to the expected goal.

In addition to shaping an image, value creation and excellent service can affect competitiveness of a company. This is shown by the following figure:

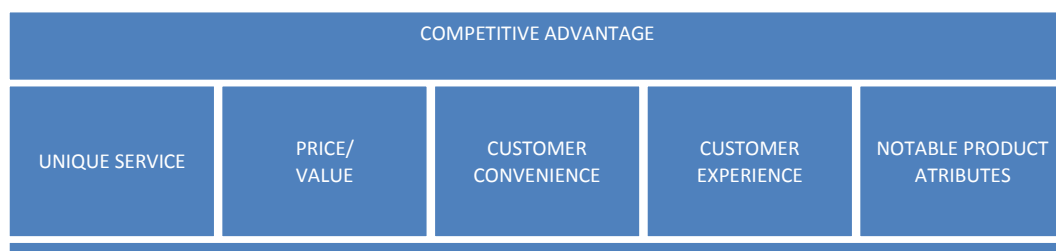


FIGURE 4
THE BASICS OF COMPETITIVE ADVANTANGE

Source: Longenecker, Moore, and Petty (2003:31)

The competitiveness of an organization may be affected by:

1. Service;
2. Value/price;
3. Consumersce;iveness
4. Consumersce;iveness of
5. Good product.

Image of a company can also shape competitiveness. As explained above, image is an asset and liability related to a brand, name, and symbol, that can increase or decrease the value of a product or service (Durianto, 2004:4). Image is an intangible asset with a psychological and financial value for the company. (Kotler, 2012:335). When a company's asset or psychological value is

high, the company has more competitiveness. Image is a set of beliefs, ideas, and perceptions of a person to an object (Kotler, 2009;406). A university's image can be defined as a set of beliefs of individuals about that university (Landrum et. al. (1998) and Arpan et. al (2003) in Helena Alves and Ma'rio Raposo, 2010: 73-85). To be a part of the global society, universities in Indonesia must be able to become world class universities.

Yavas and Shernwell (1996), Landrum et al. (1998) in Parameswaran and Glowacka (1995) found that universities need to retain or develop a unique image to create competitiveness in a competitive market. Image affects students' willingness to submit

an application. University's image is also important when a benefactor is considering giving a donation or when a company is selecting an organization to conduct research and development. According to Dowling (1988), a company does not only have one but several images. However, literature related to a university's image as perceived by students and how this image affect their behavior are limited. (Helena Alves and Ma'rio Raposo, 2010:73-85)

Image is a set of beliefs, ideals and perceptions of a person about an object. The person's attitude and action upon the object depend on the object's image (Kotler, 2009: 406). A university's image can be defined as a set of beliefs of individuals about a university (Landrum et. al. (1998) and Arpan et al (2003)).

Therefore, the image of a university is one of the factors in increasing competitiveness. This is one of the key elements of intangible resources that will be a source of sustainable competitiveness of a company. The image is gained through an accumulation of abilities and experiences that the university shows as its best performance to the stakeholders.

The image of a university is shaped based on several components. The components are:

"he image of a university is shaped based on several components. The components are:ness. This is one of the key elements of intangible resources that will be a social activities, program of study and size"(Huddleston, 1982:365 in Alma, 2007:377)

According to Volkwein and Grunig in Alma and Hurriyati (2008:116), an image of a university is measured by considering financial resources, faculty credentials, student test scores, external funding, and rating and rankings.

Keaveney and Hunt (1992) state that in order to harvest benefits from a commercial company image, cognitive and affective

components must be included since they provide understanding and measurement of image. Additionally, Stem and Krakover (1993) emphasize that image is shaped subjectively through a system related to designative and evaluative perceptions or, in other words, cognitive and affective components.

Components that shape a university's image in this research are based on components proposed by Asuncion Placio, Gonazlo and Perez (2002:486-505). The components are:1. Cognitive component - the indicators for this are: research paper published internationally; the number of foreign lecturers teaching in the university; the quality of process of teaching and learning; international reputation of the university; rank of its specialty; supporting facilities of career counseling; facilities for students (such as computers, library, transportation, etc); and so on.

2. Affective component - the indicators are:willingness to attend programs, such as double degree, fullbright, sandwich, etc in the university; international rank of the university; students' appreciation of the university; students' ability to interact with the social and cultural environment in this university.

Delivering quality through excellent service will positively contribute to the customer's satisfaction when it is managed appropriately. Delivering quality through excellent service will also provide added value, such as particular motivation, for the customers to build a long term mutual relationship with the company. Such emotional relationship will enable companies to understand their customers' specific needs and expectations. In turn, companies will be able to improve customers' satisfaction since they will optimize customers' positive experience and minimize or eliminate customers' negative experience. (Fandy Tjiptono, 2008:83). Quality is clearly the key

to value creation and customer satisfaction (Kotler and Keller, 2009:170)

Customers' satisfaction will affect an image of a company or organization. This is in line with Anderassen's (1994) suggestion in his research on consumers' orientation that an image is an important factor related to customers' satisfaction and loyalty. This experience strongly affects the image (Selnes, 1993). Consumers who have positive experience will be satisfied with the service they have received and will have positive attitudes toward a product. The consumers' attitudes reflect future purchases in the form of repurchasing or telling of the experience to others. According to Manickas et. al. (1997) and Ryan (1999), all positive decisions will affect image positively. Customers' satisfaction and loyalty are also affected by image (Yi, 1992).

According to Oliver and Linda (1981), Bolton and Drew (1991), and Foraell (1992), image has a substantial impact on customers' satisfaction. Helgesen and Nettet (2007) suggests that students' satisfaction will positively affect their perception of the university's image. Andreassen and Lindestad (1998) verifies that a company's image affects customers' satisfaction, particularly when customers have little knowledge about the service it provides (Alves and Raposo, 2010:73-85).

Ivy (2001) and Fram (1982) states that to improve its image and positioning, the university must emphasize the importance of teaching staff, orientation of students' tendency; and conduct a survey and a study concerning public opinion about the university, as a determinant factor in optimizing the university image (Asuncion Beerli Palacio, Meneses and Perez, 2002:486-505).

2.2 The Impact of a Value Creation Model and Excellent Service on UPLifting, the university must emphasize the importance og University

Porter,(1998; 3) an expert of Management Strategy, has proposed a competitive model called the 5 Forces Model. The 5 forces are (1) threat from a substitute of a product or a service, (2) threat from a new competitor, (3) competition intensity, (4) bargaining power of buyers or customers, and (5) bargaining power of suppliers. Brandenburger and Nalebuff in the mid 90s proposed an extension of Porter's 5 Forces Model, to a 6 forces model. By using Game Theory, they added the complementary factor, or the 6th force. Basically, the 6th force is a complement of a competitor which in the previous model is represented by potential entrants and product substitute or imitation product.

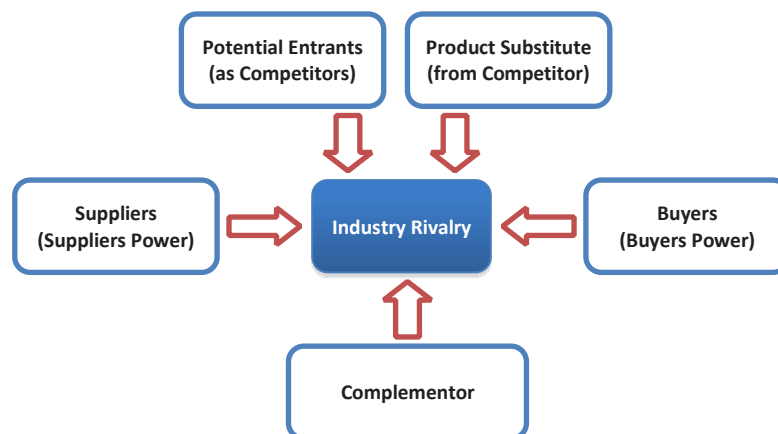


Figure 10 Six Forces Competitive Model

An organization or a company can put itself in a competitive position by giving a pressure to a competitor and/or playing a complementary position. Among those who can be a complement (or complementary force) is the government. This does not necessarily mean that the government is a competitor, but the government can play its part in the competition. For example, one can propose a cooperation with the government to develop a particular program (such as special programs for teachers). Therefore, the organization can use this complementary force to provide a more beneficial situation in the context of business competition. Further, such unique and binding proposals to the complementary force will be difficult to be imitated by competitors.

A complementary force is not necessarily the government. In particular cases, a complement can be other companies. For example, Intel Corporation and Microsoft have been long known as complementary users. Both companies run their businesses in different technological domains. However, their products complement each other to be offered to the customers. This force also explains the occurrence of co-opetition strategy, or a combination of competitive and cooperative. It was Brandenburger dan Nalebuff who made co-opetition popular through their book in 1997. In this concept, a joint strategy is agreed to turn a competitor into a partner for the sake of cooperation. Examples in real life are Toyota and Daihatsu when they made products such as Avanza and Xenia. Other strategic alliances are cooperation between Singapore Airlines and Lufthansa Airlines. Similarly this can also be applied in the context of higher education competition. Some universities have conducted a strategic alliance with other overseas universities. These are the examples of co-opetition. In view of their business domain, other universities, even though located overseas, can be business partners. With its strategic position as a

historical state university and its highly regarded reputation, UPI can adopt the strategic alliance model. Initiative to build educational cooperation with other popular universities from developed countries and double degree programs can be a great power for UPI. Please see Figure 11 to see how UPI is perceived in the context of competition and in the general process that occurs in every institution to create products to be offered to customers.

There are two services provided by UPI: (1) **higher education service**, of which the customers are students who are enrolled at UPI; (2) **Expertise Service**, of which the customers are industries that need expertise help. In terms of production process, the former has inputs, in the form of student candidates; and outputs, in the form of graduates. The latter has inputs, in the form of real problems in industries; and outputs, in the form of solutions to the problems.

Both services are related to each other. Expertise service will enrich human resources at UPI with skills and knowledge (particularly lecturers) that will eventually improve the quality of the higher education service. Students are not only educated to gain theoretical knowledge, but also to gain experience related to real problems and their solutions in the real world. Similarly, new knowledge from many resources for higher education purposes will generate more effective alternative solutions to be used for the purpose of expertise service.

As UPI is tasked to be an autonomous and well-developed university, UPI needs to get as many customers as possible within its capacity, with best qualities. Good quality customers will make it easier for the university to create high quality graduates. To reach the goal, appropriate promotion process is needed. Promotion will be easier if UPI has a high quality product. The value offered for the promotion is the value of the offered products. However, for promotion purpose, value other than relevant product

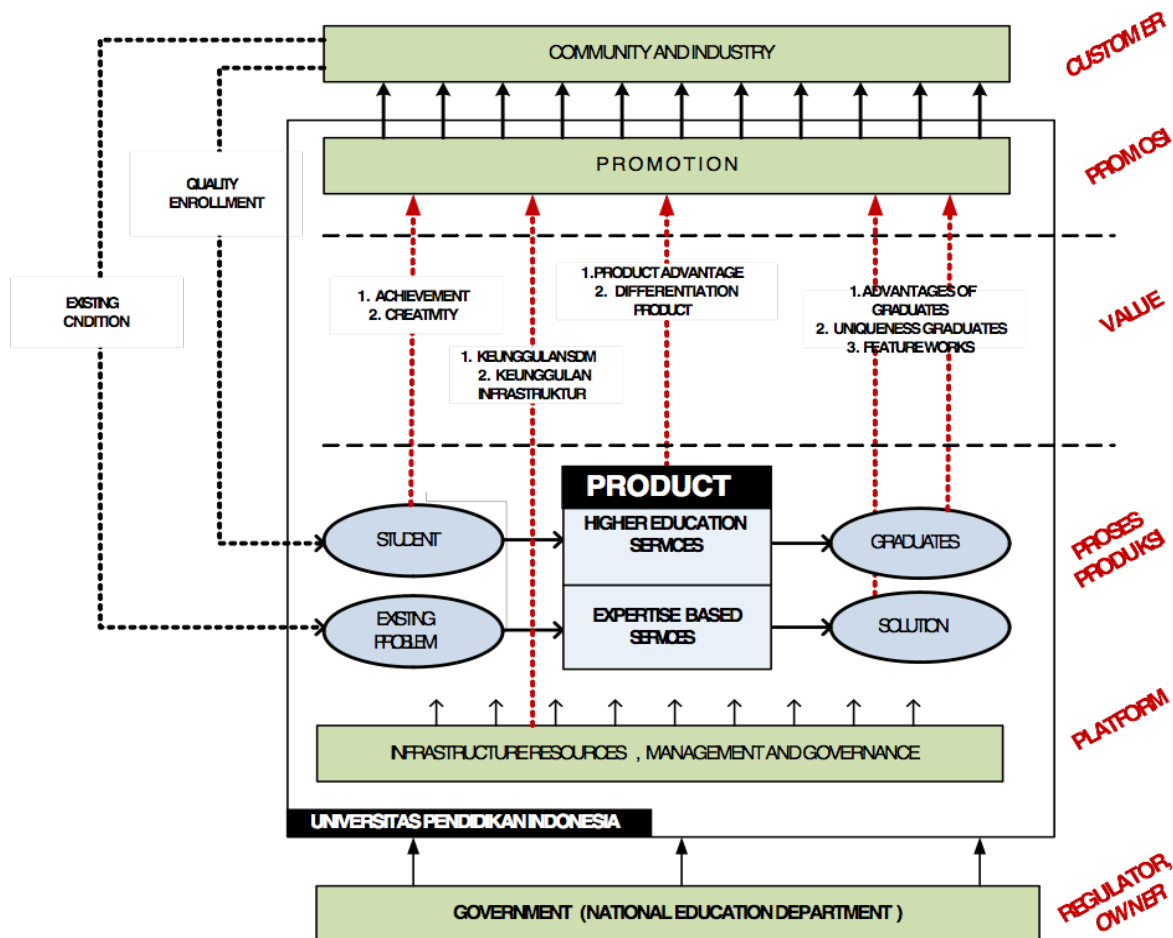


Figure 11 UPI as the Corporate Model Which Produces Products

can also be promoted. In this case, several examples of values which are not direct values of a product are: (1) quality of graduates, (2) value of works or solutions for expertise services, (3) value of lecturers' reputations, (4) value of students' achievements and creativeness. Such values must be integrated with appropriate promotion technique in a marketing management framework, and be implemented consistently. To conduct all of its activities, UPI must be supported by a platform consisting of resources (human resources and other resources), infrastructures, and consistently-implemented good university governance. Marketing management must be integrated with overall management.

As a university, UPI cannot escape from rules and regulations in Indonesia. Regulations concerning education in

Indonesia are set forth by the government through the Department of National Education. These regulations are effective for all universities in Indonesia. In terms of UPI as a state university, the government has a dual role: as a regulator and as an owner. This dualism must be well-implemented proportionally so that UPI will get what's best for the university.

3. Research Method

Research Design

Based on the type of the research, which is descriptive and verificative, the methods employed in this research are descriptive survey and explanatory survey to explain the relationship between variables through hypothesis testing. A research that employs descriptive survey and explanatory survey

is conducted by gathering information from the population directly in the field (empiric) using questionnaires. The questionnaires are used to reveal opinion from the population about the topic of the research.

The development method used in this research is cross-sectional. According to Asep Hermawan (2006:45), in the sectional research is also called one shot research. It is research that gathers data at one particular time.”

Operationalization of Research Variables

There are four variables in this research:

1. Value creation variable as the first exogenous latent variable (X1). It is called exogenous latent variable because it is a cause variable that cannot be observed directly. It also explains and influences other variables, such as image and competitiveness variables.
2. Service Excellence variable as the second exogenous latent variable (X2) that affects brand equity and competitiveness variables.
3. Image variable as the first endogenous latent variable (Y) is an intervening variable. It is called intervening variable because it affects the direct relationship between exogenous latent variables (X1 and X2) and second endogenous latent variable (Z).
4. Competitiveness variable as the second endogenous latent variable (Z). It is called endogenous latent variable because it is affected by X1 and X2 influences on Y.

Population, Sample and Sampling Technique

a. Population

“Population is a group or entity consisting of people, events, or objects, with a number of general characteristics.” Population in this research is undergraduate students at Indonesia University of Education, classes 2012 to 2013.

b. Sample

The sample size is based on Slovin Formula (Husein Umar, 2003:141) as follows:

$$n = \frac{N}{1 + \frac{N \cdot e^2}{k}}$$

Where:

n = sample

N = population

e = sample error that can be tolerated.

Based on the formula, we can calculate the size of the sample from the population, as follows:

$$n = \frac{64}{1 + (64 \times 0,1)^2} = 39,04 \text{ is rounded to } 40$$

study programs

Meanwhile, the size of data sources from the population is calculated as follows:

$$n = \frac{26522}{1 + (26533 \times 0,1)^2} = 99,62 \text{ respondents}$$

The minimum sample of this research is rounded to 100 respondents. However, based on several considerations, the writer adopted Hier theory that the data shall be analyzed by using SEM. Based on this theory, the minimum sample size = the number of variables X 15. $18 \times 15 = 270$

c. Sampling Technique

A Sampling technique must be chosen to get a sample that represents the real condition of the population.

“Sampling can be defined as a process to select a number of units or elements or subjects from a population that represents a population to be studied. Therefore a generalization or inference can be made related to characteristics of a represented population.” After gathering data from respondents, the writer took the sample based on probability sampling technique or random sampling. In probability sampling, every population element has an equal chance to

be selected as a sample. The characteristic of probability sampling is that one may determine each sampling unit from the population and that unit has a chance to be included in the sample. In a more simple case, each unit has an equal chance to be a sample. The writer used probability sampling because it is in line with Silalahi (2006:237):

Qualitative researchers have two motivations to use probability sampling or random sampling. The first motivation is time and cost. The second motivation using probability sampling is accuracy. (the deviance level of a sample).

In addition to probability sampling, simple random sampling was used because the population in the research is considered homogeneous. Simple random sampling is defined as a sampling procedure aimed to convince that each unit in the population has an equal chance to be included in the sample.

A sample must be representative. Therefore, systematic steps to gain a representative sample are needed. The systematic steps are:

1. Determining the target population
2. Determining the particular location
3. Calculating the time to be used in determining sampling
4. Conducting the field orientation
5. Determining the sample size

Validity and Reliability Testing

Data are very important for a research project since they describe variables and functions as a hypotheses determiner. Therefore, data need to be tested. Whether

the data are accurate or not depends on the instrument of data collection. A good instrument must meet 2 requirements: validity and reliability. Validity and reliability testing in this research were conducted by using SPSS software and Lisrel

Data Analysis Technique

The collected data from the questionnaires must be analyzed to make it meaningful for problem solving. The data were analyzed based on the following criteria:

1. Each variable was classified into five alternative answers (Likert variable was), where each option consists of five score criteria as follows:
2. The answer scoring was based on hybrid ordinal-interval scale that describes the rank of the answers. The rank of the answers are given scores ranging from 1 until 5.
3. Total score = total variable X answer score

$$\text{Score_Variable} = \frac{(\text{Density at Lower Limit}) - (\text{Density at Upper Limit})}{(\text{Are Below Upper Limit}) - (\text{Are Below Lower Limit})}$$

Data Analysis Technique Using SEM (Structural Equation Modeling)

Kusnendi (2008:270) explains that SEM is an analytical method aimed at testing measurement model and structural model of latent variables. Based on the definition, there are three main characteristics of SEM.

1. SEM is a combination of interdependent and dependent multivariate data analysis techniques. It is a combination of

**TABLE 3.5
SCORES OF ALTERNATIVE ANSWERS OF POSITIVE AND
NEGATIVE QUESTIONS**

Alternative Answers	Very High	High	Somewhat High	Somewhat Low	Low
Positive	5	4	3	2	1
Negative	1	2	3	4	5

Source: Modified from Hermawan (2006: 132)

confirmatory factor analysis and pat analysis.

2. Variable analyzed is latent variable (construct), which is a variable that cannot be observed directly (unobservable), yet it is measured through indicators or manifested variables.
3. SEM is not aimed to create model but to test or confirm theory-based model, which is a measurement model and a structural model. The following is the proposed construct structural model

4. Research Results

- a. The results show that value creation at Indonesia University of Education is high based on the value network indicator. This is because lecturers at departments/ study programs of Indonesia University of Education always retain a good

relationship with their students. Service excellence at Indonesia University of Education is high, since the majority of the respondents think that the service at their department/study programs is excellent. Based on image variable, most of the students think that the image of the university is high, particularly when it comes to the brand awareness. In terms of competitiveness, the students also think that the university is very competitive, particularly related to value.b. Value creation in courses positively affects the increase or decrease in image of Indonesia University of Education. The higher the value creation, the higher the image of Indonesia University of Education.

- c. Service excellence in every program of study affects the image of Indonesia University of Education, which means

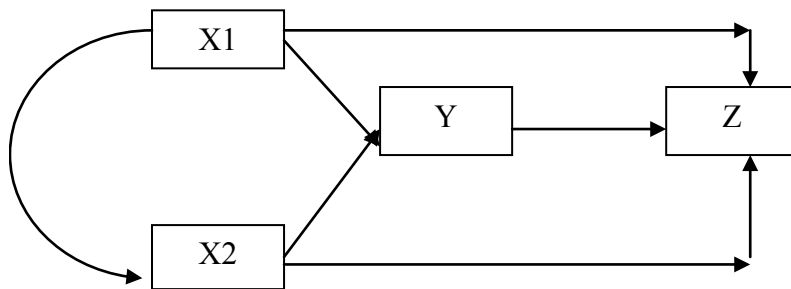


FIGURE 3.1 CONSTRUCT STRUCTURAL MODEL

Remarks

X1 = value creation X2 = service excellence Y= brand equity Z =competitiveness

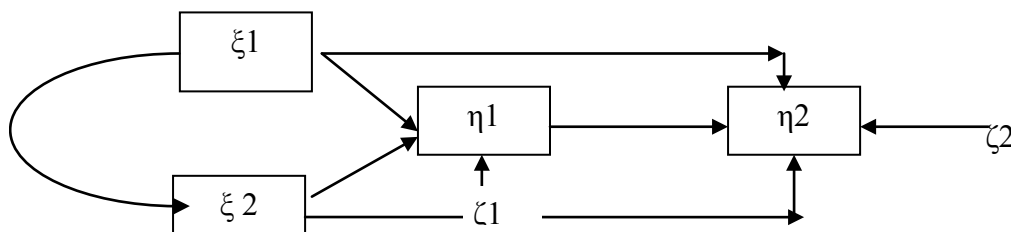


FIGURE 3.2 CONSTRUCT STRUCTURAL MODEL

Model 1 $\eta_1 = \Gamma\xi + \zeta_1$
 Model 2 $\eta_2 = \Gamma\xi + B\eta + \zeta_2$

- an increase in service excellence will be followed by an increase in image.
- d. Value creation positively affects the competitiveness of Indonesian University of Education, which means that the higher value creation, the higher the competitiveness of UPI.
 - e. Service excellence also affects competitiveness. Better service excellence will result in higher competitiveness.
 - f. Better image also will result in higher competitiveness.

Concluding Remarks

1. The most influencing indicator in value creation is value shop. It means that the faster a department/study program identifies the problem, the faster it will solve the problem. Additionally, the more intensively the department/study program evaluates the problem, the higher value creation that the university will have. However, in reality, value creation at Indonesia University of Education is more focused on good relationships (value network). Therefore, Indonesia University of Education should improve its value shop in relation to controlling and evaluating problems and issues in its department/study programs.
2. The most influential indicator in service excellence variable at Indonesia University of Education is action. This is related to real or practical action in providing service to the students. This action has a more substantial influence since it is directly related to the students in the form of lecturers' and administration officers' performances. The example of this is how fast the university can provide for students' needs. In reality, appearance is the most dominant indicator according to the students. Therefore, lecturers and administration officers must emphasize their action, rather than their image profile.
3. In terms of image variable, awareness of brand, name, and symbol is the most dominant indicators. Based on several theories, awareness is the lowest equity level. It is suggested that Indonesia University of Education should emphasize its brand association, particularly related to product and service quality improvement. This will balance the image and the quality as the leading and outstanding university.
4. The most dominant indicator in the competitiveness variable is value. Meanwhile, the research results show product quality is the most influencing indicator. Value must not be neglected. However, product quality has a more substantial influence. Therefore, product quality must be emphasized in boosting competitiveness. In reality, Indonesia University of Education's competitiveness lies in cost leadership. As we know, educational service generally has a great and crucial responsibility to educate the nation, particularly in terms of economic growth factors and developing the quality of our human resources. Therefore, the education quality must be improved. As mentioned before that three products in universities are education, research, and community service. Quality improvement should be more emphasized in these three aspects by conducting good quality teaching and learning using valid theory sources. In addition, the university must conduct research that can provide benefits and can be applied in real life.
5. All variables in this research show very high scores. Competitiveness has a high score. It can be concluded that Indonesia University of Education's competitiveness on the rankings is low due to external factors, which are not discussed in this research. Therefore, the writer would like to recommend that research concerning this should be conducted by external individuals.

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