



BLUE OCEAN STRATEGY (BOS): ALTERNATIVE STRATEGY FOR MANAGEMENT DEVELOPMENT IN ISLAMIC EDUCATIONAL INSTITUTIONS

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Abstract:

The focus of this article is to describe Blue Ocean Strategy (BOS] or Blue ocean Strategy as a new strategy model in the management of Islamic education institutions. The author seeks to describe the adoption of the world's blue ocean strategy into the world of education and answers what principles are accepted and rejected from theory. Adoption of the Blue Ocean strategy or a blue ocean strategy implemented by applying universal principles .Prinsip Blue Ocean strategy to be adopted by both are indicators that focus provide excellent service to consumers while indicators that cannot be adopted is a strong indicator of economic motivations (commercialization). Generally the Blue Ocean Strategy can be applied quite well and can be used as an alternative to the development of management of Islamic education institutions.

Keywords: *Blue Ocean Strategy; Management; Islamic Education Institution*

INTRODUCTION

Blue Ocean Strategy (BOS) is a business world strategy popularized by two management professors W.Chan Kim from South Korea and Renee Mauborgne from the United States. His theories are considered capable of overhauling the paradigm of mutually destructive conventional competition (Red Ocean). Blue Ocean Strategy teaches how an institution/company gets out of competition by creating value innovation and making competition irrelevant. Universal values can be developed in any field, including education.

Many Islamic educational institutions such as madrasas are facing the phenomenon of being closed and losing competitiveness with integrated Islamic schools. This is due to many factors, among which the dominant factor is the inability of the leaders of Islamic education institutions in the case of madrasas to overcome managerial problems; resulting from limited resources.

The shift in the perspective of society in viewing educational institutions as service providers places students and parents as consumers who deserve satisfaction in proportion to the costs they incur to education managers. Educational institutions with low offers and poor service will be left behind. As a result of this perspective, Islamic education institutions are eventually brought into unhealthy competition conditions and tend to be detrimental.

Based on phenomena like this, the author views that the adoption of the Blue Ocean Strategy (BOS) is an alternative choice and needs to be considered to increase the competitiveness of Islamic educational institutions while maintaining Islamic values and ethics in competition. This paper uses the literature method, with a focus on the discussion on the Blue Ocean Strategy (BOS); as an alternative strategy in developing management in Islamic educational institutions.

STRATEGIC MANAGEMENT IN ISLAMIC EDUCATION

The term "strategic management" consists of two words, namely management and strategy. Management comes from the word *maneggiare* which means to handle, guide, lead and regulate (Efendi, 1986:9). Meanwhile, the origin of the word strategy is *stretegos* which means the art of leading troops and winning wars (Wahyudi, 1996:16). Experts define strategic management as a process or series of decision-making activities that are basic and comprehensive, accompanied by a determination of how to implement them made by top management and implemented by all levels within an organization to achieve its goals. The term marketing was developed from the word market, namely place or means of gathering sellers and buyers to carry out trade transactions. Marketing is defined by the American Marketing Association as cited by Ma'ruf as the process of planning and implementing ideas, goods and services along with prices, promotion and distribution to create transactions that satisfy individual and institutional needs. (Hendri, 2011: 10)

From the definitions of the two terms above, it can be understood that the terms strategic management and marketing are popular terms in the business world and are not terms in the world of education. However, recently such terms have begun to be absorbed into the world of education as demands from changing times due to the development of science and technology. If in the world of business strategic management and marketing are useful for predicting market trends, in the world of education strategic management and marketing are used more to make effective allocation of existing resources to achieve educational goals.

According to Akdon (2009: 20) strategic management applied to an educational institution will provide many benefits, which include:

- a. Provides a long direction to be pursued by educational institutions.
- b. Assist educational institutions in adapting to the changes that occur.
- c. Making educational institutions more effective.
- d. Identify the comparative advantages of educational institutions
- e. in an increasingly risky environment.
- f. Help prevent problems that arise in the future.
- g. The involvement of educators in the formulation of strategies will motivate them at the implementation stage.
- h. Overlapping activities in education management can be reduced.
- i. Old educators' reluctance to change can be reduced.

Likewise with strategic management, marketing or marketing has an important role as the community's understanding of the importance of services develops. People will think about marketing or education marketing and think about the commercialization of education. Actually the focus of marketing in the education business is on education services by providing satisfaction to students, parents and the community as consumers of education service users. According to James and Philip's research as quoted by Krismawintari (2015) in a competitive environment marketing

management has a strong influence on schools to pay attention to the quality of service products, pricing (costing), location, promotion, processes and evidence in the form of student achievements both academic and non-academic .

Based on the above, it can be said that the strategic management and marketing of educational services for Islamic educational institutions, especially those that are mostly private, is important. When people start to be smart and critical in assessing, along with high expectations for Islamic educational institutions, especially madrasas, Islamic educational institutions must automatically change by displaying dynamic educational management. If not, then Islamic educational institutions from pesantren to schools will be outdated and abandoned by society. And if customers decrease, the burden on educational institutions will increase and lead to the closure of these institutions.

BASIC CONCEPTS OF THE BLUE OCEAN STRATEGY

Definition of Blue Ocean Strategy

Blue ocean strategy is a term in the science of strategic management that refers to a strategy to create new markets that have not been filled with intense competition. This is done by creating and reaching new demands that have not been considered by competitors. Blue ocean strategy is basically a strategy to conquer competitors by offering innovative product features, and so far been ignored by competitors.

The features of these products are usually also radically different from those already on the market. Blue ocean encourages actors to enter a potential new market arena, and which has been "forgotten" by competitors. This is certainly different from red ocean, where all competitors offer uniform product features, and all compete for the same market. As a result, what often happens is a bloody battle, because the competitive arena is contested by players who offer product and approach uniformity.

The essence of the blue ocean strategy is to identify and seek new market potential that is not yet realized by other players. In this way, a company can walk alone in dominating the market; before the other players realize it. Blue ocean strategy is basically a strategy to conquer competitors by offering innovative product features, and so far been ignored by competitors. The features of these products are usually also radically different from those already on the market. In this way, blue ocean encourages actors to enter a potential new market arena, which has been "forgotten" by competitors. This is certainly different from red ocean, where all competitors offer uniform product features, and all compete for the same market. As a result, what often happens is a fierce battle, because the competition arena is contested by players who offer product and approach uniformity.

The following are the differences between Red Ocean Strategy and Blue Ocean Strategy:

Table 1: Differences between Red Ocean Strategy and Blue Ocean Strategy

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
The goal is to win the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new opportunities

Trade off of value and cost	Breaking down the exchange of value and cost
Integrating all enterprise system activities with cost leadership or differentiation and focus strategies	Integrating all enterprise system activities in pursuit of differentiation and cost leadership at the same time

Source : Kim dan Mauborgne (2005:18)

Basic Principles of Blue Ocean Strategy

The basic principle introduced in the Blue Ocean Strategy model is to find new areas that have not been entered by existing competitors. To be able to apply the Blue Ocean Strategy, several things are needed, namely finding and building new areas or markets, and secondly, exploiting markets that have not been entered by competitors and protecting them so that no other party can enter again. Another thing that needs attention is to create a completely new industry, and widen the range of industries owned by the company.

Value Innovation

Through the value innovation of the blue ocean strategy, which is a result of work in producing goods or services as high as possible, there is a difference in an idea's value in the industry, compared to competitors and at the same time it can break the cost-value exchange without reducing company profits, but increasing company profits as a whole. Sustainable, by integrating the entire system of activities in the pursuit of differentiation and low costs. Basically, the blue ocean strategy is trying to get companies out of the red ocean in bloody, bloody competition by creating new market space and making competitors irrelevant to the industry and paying more attention to the value benefits for consumers. The main focus of blue oceans, growing demand, maximizing opportunities and reducing risks. While bloody competition is characterized by top priority overcoming competitors, fighting on the same market and exploiting existing markets by only integrating the entire system of company activities with a choice of strategy between differentiation or low cost. As Figure 1 shows, the creation of blue oceans is all about reducing costs while simultaneously increasing value for buyers. Buyer value comes from the benefits and prices that the company offers to buyers, because value for the company is generated from the price and cost structure, value innovation is achieved only when the entire system of company benefit, price and cost activities is properly integrated. It is this whole systems approach that led to the creation of blue oceans. Whereas in the red ocean is to win in the same market space, and in essence, companies must be able to win the existing competition by exploiting existing demand.

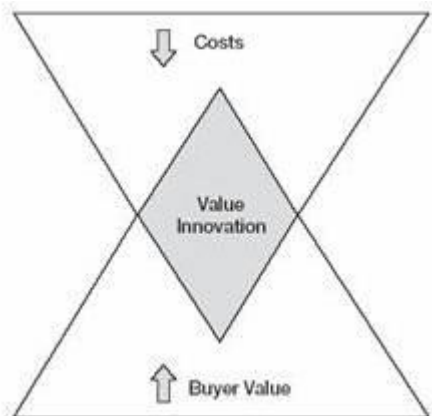


Figure 1 : Value Innovation – The Stepstone of the Blue Ocean
(Kim & Mauborgne, 2005 **Definition of Blue Ocean Strategy**)

Value innovation is more than just innovation. Blue ocean value innovation is a strategy that embraces the entire corporate activity system. Value innovation requires companies to orient the entire system towards achieving a leap in value for buyers and for the company itself. Without such an integral approach, innovation will always be separated from the core of strategy (Kim & Mauborgne, 2005).

Blue Ocean Strategy Analysis Tool

The success of a blue ocean strategy is inseparable from the easily explained litmus test of the product or service a company will take out of the red ocean or tussle competition. The litmus test of blue ocean strategy can be drawn through a graphical depiction called the Strategy Canvas.

To be able to create/find a value innovation in our business we must capture and compare with competitors in our industry regarding the point of competition in the industry, elements that have not been offered and those that have been offered in the industry so that value innovation is finally created, and to be able to map the things mentioned above, a strategy canvas is used.

The strategy canvas is a framework for action as well as a diagnosis to create a good blue ocean whose function is to summarize the current situation in a familiar market space. Then the question arises how to create value innovation in our strategy? Value innovation is created in areas where company actions positively affect the cost structure and value proposition for buyers. Cost savings are made by:

- a. Eliminate and reduce the factors that become the point of competition in the industry.
- b. Buyer value is increased by adding and creating elements the industry has not yet offered.
- c. Three product tiers
Core Product: is the core benefit for solving the problem that consumers are looking for when they buy a product or service. Actual Product: has five characteristics including quality level, features, design, brand name, and packaging. Additional Products: service offerings and additional benefits for consumers.
- d. The value curve, a basic component of the strategy canvas. The value curve graphically depicts the company's relative performance with respect to competitive factors in the industry. To fundamentally change an industry's strategy canvas, you have to start by redirecting the strategic focus from competitors to alternatives, and from consumers to non-customers of the industry. According to Kim and Mauborgne (2005) Drawing a strategy canvas produces three things, namely:



figure.2: canvas strategy Circus Du Soleil
(Kim & Mauborgne, 2005 40)

- Drawing a strategy canvas can show the profile of an industry's strategy by clearly describing the factors (and possible factors in the future) that affect competition among industry players.
- Demonstrate the strategic profile of current and potential competitors, identify those factors which become strategic investment arenas for them.
- Shows the company's strategic profile or the company's value curve that describes how the company invests in these factors in the future.

Formulation of the Blue Ocean Strategy

In realizing the blue ocean strategy (Blue Ocean Strategy) according to Kim and Mauborgne (2005) there are six principles that must be implemented. The first to fourth principles are part of formulating a blue ocean strategy, while the fifth to sixth principles are part of blue ocean execution. The following is a table of the six blue ocean principles:

Table 2: Six Principles of Blue Ocean Strategy

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Principles - Principles Formulation	Risk factors are addressed by each principle
Reconstructing market boundaries	Search risk
Focus on the big picture, not the numbers	Planning risk
Reaching beyond existing demand	Risk of scale
Getting the strategic sequence right	Risk of scale getting the strategic sequence right
Business model risks Overcoming the main obstacles in the organization	Organizational risk
Execution into strategy	Risk management

Source: Kim dan Mauborgne (2005)

From the formulation of the principles and risk factors handled by each principle, there are four guiding principles for the success of formulating a blue ocean strategy. The formulation is to reconstruct market boundaries, focus on the big picture and not on numbers, reach beyond existing demand, execute a series of strategies correctly.

IMPLEMENTATION OF THE BLUE OCEAN STRATEGY IN ISLAMIC EDUCATIONAL INSTITUTIONS

The market is always filled with competition and challenges. The most important challenge is how to see the market more creatively, see the opportunities that exist, see market opportunities that have not been explored, innovate on how to target the right market, how to position products to suit the selected market segment, and product differentiation compared to competitors. so that it hits the targeted market, of course this is not easy but it absolutely must be done in order to continue to exist and survive in market conditions and increasingly fierce competition. (Kim and Maubourgne, 2014).

In the business world, there are a number of reasons that drive every company to create new market space. Rapid technological advances substantially increase industrial productivity and enable companies to produce products and services. When the number of competitors increases and supply exceeds demand, the market monopoly by certain companies that has been occurring so far is fading away. As a result, the commoditization of products and services is accelerating and price wars are unavoidable so that the profits earned shrink. The only way to win the competition is to stop competing and move on exploring the blue ocean. In it competition is rendered irrelevant as new rules of the game are established. This is different from red ocean where it beats competitors will always be important. (Kim and Maubourgne, 2010).

From the formulation of the principles and risk factors handled by each strategy principle, there are four guiding principles for the success of formulating a blue ocean strategy. The formulation is to reconstruct market boundaries, focus on the big picture and not on numbers, reach beyond existing demand, execute a series of strategies correctly. (Kim and Maubourgne, 2014)

The description given by Kim and Maubourgne above is actually experienced by the world of education. If in the business world competition by defeating and killing competitors is considered a normal thing, then in the world of education it is something that is difficult to accept and feels less ethical. Islamic educational institutions that are supposed to strengthen each other in the mission of Islamic da'wah and the development of science are actually dragged into competition that is mutually detrimental and deadly to one another (redocean). Why don't existing Islamic educational institutions turn to the largely uncharted blue ocean.

Islamic educational institutions indirectly carry out the split of job tasks of Islamic education which are large and cover various aspects of life that cannot be handled by just one or two educational institutions. Creating a blue ocean is based on value innovation, namely efforts to pursue differentiation. while keeping costs as low as possible at the same time.

With value innovation, Islamic educational institutions are no longer focused on winning the competition, and even make competition between educational institutions irrelevant. Value innovation is not innovation that relies on technology or simply puts forward futuristic goals so that it targets something that is not ready to be accepted by the market. There are many strategic choices for Islamic educational institutions to pursue differentiation and low cost by following the principles of creating blue oceans laid down by Kim and Mauborgne.

CONCLUSION

From the discussion above, it can be concluded that the adoption of the principles

of the Blue Ocean Strategy in the world of education can be applied quite well, meaning that it is very possible for it to be applied to Islamic institutions. This is a problem and is still being debated among educational experts, Blue Ocean Strategy as a business model in education does not deserve to be ignored or otherwise accepted absolutely. This means that the process of applying blue ocean principles is not a perfect application, because after all educational institutions are not like other companies that are purely for profit. If the adoption is close to or reaches the perfect point, it indicates that the educational institution has been commercialized and ignores the values that are principal in education as a social institution.

CLOSING

Blue Ocean Strategy is one of the many business models that can or has been adopted in the business world. Its universal principles make it applicable in any field and anywhere. When Islamic schools which are private educational institutions are involved in mutually detrimental competition, a blue ocean strategy can be adopted to overhaul old perspectives and get out of competition and make competition irrelevant. Hopefully, this short article will provide benefits for managers of Islamic education institutions in Indonesia, even though in general it is only in the form of discourse or maximum facts that are caustic in certain places and have not been officially adopted in educational systems such as ISO systems, TQM and others. At least the Blue Ocean Strategy can be a new alternative in the management of the development of Islamic educational institutions in the future.

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