Defining Strategic Management for Islamic Education Institution

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Abstract

Strategic Management has attracted the interest of numerous experts and practitioners, as well as Islamic education experts and practitioners. In addition, they believe that strategic management may help Islamic educational institutions carry out their operations, hence it is assumed that strategic management is fully applied in Islamic educational institutions. This study seeks to investigate and clarify the notion of strategic management in the context of Islamic educational institutions. This study concludes that the (conventional) strategic management concept cannot be fully implemented in Islamic educational institutions because the conventional strategic management concept is constructed within a business context, emphasizing the significance of competitiveness and obtaining returns above the average competitor. This study provides a new concept of strategic Islamic management for Islamic educational institutions, based on the premise that collaboration is more fundamental than competition, and that maintaining organizational sustainability and the quality of education given requires excellence (ihsan).

Keywords: *management, strategic, islamic, education, institution.*

Introduction

In recent years, there has been a rise in interest in Strategic Management in all of its manifestations: as a body of knowledge, as a subfield of academic study, and as a business approach. According to the history of business, the reason for its widespread adoption is that it has been supporting company management in addressing business obstacles and competitions posed by business operations in order to ensure the success and sustainability of the enterprise (Hitt, 2017; David, 2011).

Apple, a technology company, with its distinctive products; Alibaba, an e-commerce company, with its global market coverage; and Google, a technology company, with its dominance in internet-based products and services, are examples of corporations whose outstanding performances were driven through Strategic Management approach. Apple established a product differentiation strategy, Alibaba executed an appropriate worldwide market strategy, and Google innovated its products and services consistently (Hitt et al., 2017, 2009). Strategic Management has assisted corporate management in achieving above-average industry performance.

During the financial crisis that organizations are experiencing, Strategic Management is also essential approach taken by the management. McDonald's opened 650 new locations in 2009, when most companies were struggling in 2008 and many restaurants were difficult to stay open. Worldwide, McDonald's served approximately 60 million customers per day in 2009, an increase of 2 million from 2008. McDonald's devised excellent strategies to face the challenging circumstances in 2008, such as enriching the menu and snacks, redesigning the dining areas, and extending the business hours. It is interesting to note that McDonald's strategy

was not to lower the price of their products, but to deliver a quality product at a reasonable price. In other success story, during the same 2008 financial crisis, Wal-Mart received the award as the "Most Admired Company in the World" from Fortune Magazine. In 2008, the company's net income increased from $11.2 billion to $12.7 billion, mostly as a result of its superior performance and management. Their strategy was to allocate more resources and attention to emerging markets in countries like Brazil and India (David, 2011).

Even though it originated in corporate field, Strategic Management is considered applicable to other organizations, such as government and non-profit organizations, and to various contexts such as education, health, and research. Strategic Management is perceived as having the capacity to assist public organizations and other entities in achieving critical objectives and creating public value (Bryson and George, 2020). Strategic Management is essential skill for non-profit organizations to respond to the rapid changes in their external environments, including technical, social, political, and economic factors (Steiss, 2003).

Strategic Management attracts Islamic researchers as well. Numerous academic studies have been undertaken on strategic management in Islam and/or in Islamic educational institutions contexts from a variety of research viewpoints. Strategic Management can be utilized in formulating and implementing the integration of science and religion in the curriculum of university (As-Shodiq, 2020). Strategic Leadership within the context of Strategic Management discourses enhances the quality of educational services at Palestinian Universities (Alayoubi et al., 2020). Strategic Management of Islamic school is implemented for building students' characters (Aflaha et al., 2022). Strategic Management is also applied in the Islamic University "Raden Intan Lampung" Indonesia for formulating its strategies and evaluation plans (Junaidah et al., 2020).

On the basis of the aforementioned issues, there is a significant need to define the strategic management concept that will be suitable for Islamic education institutions, the strategic management concept that is consistent with the worldview of Islam, the overall concepts of Islamic education that have been agreed upon by the Islamic scholar, and the objectives of institutions to obtain higher performance and long-term sustainability. This paper will therefore address the research question "What are the definition and concepts of Strategic Management for Islamic educational institutions for its success and sustainability?"

The purpose of this study is to investigate, debate, and conceptualize various aspects of Strategic Management as it relates to Islamic educational institutions. The findings of this study will serve as a foundation for academics and administrators in charge of Islamic educational institutions to use when discussing and putting into practice various aspects of strategic management relevant to the field of Islamic education.

Literature review

While reviewing the findings of previously conducted academic research as well as books and references on the topic, it was discovered that discussions and formulations of strategic management in Islamic educational institutions contained three (3) major issues.

First, when writing about Strategic Management, some authors entirely took the concepts of Strategic Management formulated by scholars and or business people in Europe and the US, even though they aimed their publications for Islamic Educational Institutions. For instances, when studying the Strategic Management in the context of Malaysia Schools, Yakoob et al. (2019) defined that Strategic management ement as a continuous process that includes assessment of system critical analysis, creation and evaluation of planning policies, action planning, managing and monitoring the actions, and, lastly, evaluating and reviewing. Hifza, et al. (2020)

studied the strategic foundation of integrated Islamic primary schools in Indonesia for developing its competitiveness among schools. This point of view on competitiveness was completely taken from conventional Strategic Management. Rizkiyah et al. (2020) took a similar stance while examining the ways Islamic education institutions use to establish their school brands in order to compete with other Islamic education institutions. Taking for granted the Strategic Management concepts in studying and/or implementing in Islamic education institution also appeared in the works of Muhammad et al. (2019), Alayoubi et al. (2020), Aflaha (2022), and Junaidah et al. (2020).

The methods and tools recommended in Strategic Management can be of great assistance in the administration of Islamic Educational Institutions. However, simply taking the concepts as they are, without applying any filters or making any adjustments, may cause Islamic education institutions to be misled. This is especially true when considering the fact that Islam, to which Islamic Education Institutions should refer, has a distinct epistemology and worldview, both of which significantly form the concept of overall Islamic education.

Second, even though some authors only took the already existing concepts or methods of Strategic Management, the implementation of Strategic Management in some practices of Islamic Educational Institutions has also deviated from the original concepts. It gave the impression that the management of Islamic educational institutions did not have a complete understanding of strategic management. As a result, it is possible that the benefits of strategic management won't fully materialize out in the field.

Third, some of the authors of this theme attempted to provide a justification for the concept of Strategic Management as well as its significance by searching for and matching the religious texts (the Al-Quran and the Hadith) that were considered relevant and suitable with the various concepts that are available for Strategic Management. They completely appropriated the knowledge and concepts of Strategic Management from business contexts and provided justifications and explanations on those concepts based on the Al-Qur'an and Hadith.

This method will help the readers to believe that something valuable generated from Strategic Management is the one that is also proposed by religious texts. However, this practice may contain problems because the truth of religious texts is eternal, while the claim of science, including Strategic Management science, can be challenged from time to time. Therefore, this practice may compromise the sacredness of religious texts when there is incapability or ineffectiveness of Strategic Management to provide an explanation or solution for certain required issues.

Fontaine and Ahmad (2013) author the book titled *Strategic Management from an Islamic Perspective: Text and Cases*, proposed the perspective of Islam, as per their views, in defining Strategic Management. From the book, the views of authors on Islamic Strategic Management compared to the conventional Strategic Management can be summarised in the Table 01.

Table 1. Comparison between Conventional and Islamic Strategic Management according to Fontaine and Ahmad (2013).

Dimensions	Conventional Strategic Management	Islamic Strategic Management
Description	People are in fierce competition with one another to reach their destination as quickly as possible.	Because they are traveling in the same vehicle, successful people are more likely to collaborate with one another.
Mental Model	Competition	Cooperation
Motivation	Extrinsic	Intrinsic
Perspective	This Life	The Next Life
Metaphor	A good driver drives quickly	A good driver drives safely

The concepts presented by Fontaine and Ahmad (2013) are essential to the process of assisting us in defining the strategic management for Islamic educational institutions. However, this proposition does not consider the most important facet of strategic management, which is the capability of reaching higher levels of performance and competitiveness in the industry. As a result, the idea of Strategic Management that was proposed by Fontaine and Ahmad (2013) will find it challenging to determine whether it is practicable in the field of implementation.

Research method

The research was conducted utilizing the Literature Study methodology, as well as Content Analysis and Description Analysis techniques. This literature review was conducted by investigating sources and ideas associated with strategic management and Islamic education. A comparison between the concepts of strategic management and Islamic education is conducted to determine whether aspects of strategic management can be applied to Islamic education.

This research will also give the results of a case study on the educational institution Pesantren Al-Qur'an Sangatta Taqwa (Paqusatta Islamic Boarding School), which utilized a variety of strategic management methodologies in the early stages of its development. It was determined via a review of Paqusatta's documentation to explore what lessons could be derived from the implementation of this strategic management.

Result and Discussion

Definition of Strategic Management and its Essential Concepts

The strategic management process taken by the company is defined as a set of commitments, decisions, and actions ("strategy") required by the company to achieve strategic competitiveness and earn above average revenue. Average returns are returns equal to those an investor expects to earn from other investments with a similar amount of risk. This strategic management process increasingly finds its urgency in the ever-changing business environment and increasingly fierce business competition; characterized by economic globalization and increasingly rapid technological progress/changes (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

Strategic Management is defined based on competition-based environment. Market competition rivalry is described as a series of continual competitive acts and responses that

enterprises engage in as a means of achieving market dominance. Competition rivalry demonstrates that the performance of a company is influenced by the activities and responses of other companies that are rivals.

In point of fact, there are businesses whose performance is superior to that of their rivals, and there are also businesses that are unable to compete successfully and even end up failing financially. The strategic management approaches that each of these companies' management teams has chosen to implement are directly responsible for their respective companies' successes. Companies that perform better than their competitors are considered to have strategic competitiveness because they get above average returns. This is illustrated in the previous example with McDonald's, Wal-Mart, and Alibaba, etc. Companies that have been successful in formulating and implementing value-added strategies are the ones that can rightfully claim to have strategic competitiveness. The strategy is defined as a set of integrated and coordinated commitments and actions that are designed to bring out core competencies and gain a competitive advantage. Companies will be able to gain a competitive advantage when they are able to implement strategies that their competitors are either unable to imitate or would have to do so at a significant financial cost (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

In the strategic management process, there are two primary approaches: the Industrial Organization Model (I/O Model or Market-Based View) and the Resource Base Model (Resource Based View). Although, in practice, companies can use both Market-Based View and Resource-Based View concurrently in the strategic management process (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

The I/O Model explains that an organization's strategic actions are primarily determined by its external environment. The key to the company's strategic success is its ability to successfully identify attractive (profitable) markets and industries. Therefore, Market Based View pertains to the company's external organization. The I/O model is based on four underlying assumptions: (1) the external environment exerts pressure, influence, and limits on the company's strategy; (2) almost all companies competing in the same industry or industry segment are assumed to have equal control over the required resources; (3) the resources owned by the company are considered mobile, which can be moved from one company to another; and (4) corporate decision makers are assumed to be rational and objective (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

While the Resource Based View focuses on the internal organization of the company. The Resource-Based Perspective asserts that the distinctiveness of a company's resources and capabilities is the key to its strategic competitiveness success. Physical, Human, and Organizational Capital Resources can all be used to categorize the company's physical, human, and organizational resources. When these company resources establish a company Capability, i.e., the company's capacity to carry out work or activities in an integrated manner, they provide companies with a Competitive Advantage. The resources and competencies that provide a company with a competitive advantage are those that are valuable, rare, costly to imitate, and irreplaceable. Companies with this type of capability or resource are believed to have core competencies and competitive advantages over their rivals (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

As part of the strategic management process, a company must develop a vision and mission after gaining an understanding of the industry it will enter and its resources and capabilities. The next step in the strategic management process is developing a more detailed strategy and putting it into action to achieve above-average returns. The process of strategic

management will also be heavily influenced by stakeholders and the strategic leadership of the organization (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

The external environment has a significant impact on the operations of the company. In essence, the strategic actions of the company will be influenced by three aspects of the external environment: the General Environment, the Industrial Environment, and the Competitor Environment. The General Environment is comprised of demographic, economic, physical, sociocultural, global, technological, political, and legal factors. Industrial Environment factors have an impact on the entire industry. Because their products are interchangeable, a group of these businesses influence (compete) with one another. The industrial environment is determined by five factors: the threat of new competitors, the strength of suppliers, the strength of buyers, the availability of substitute products, and the level of competition among market participants (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

Internal resources play a crucial role in companies' efforts to establish a competitive advantage. The role of internal resources in a company's competitive advantage can be understood in terms of resources, capabilities, and core competencies. Internal company resources (resources) can be both tangible and intangible. Financial (funding), organizational (organizational structures, systems), physical (factories, machines, raw materials), and technological resources are examples of tangible resources (patented technologies). Human resources (in the form of knowledge, managerial skills, and trust) and reputation are examples of intangible resources (in the form of brands, reputation in the eyes of customers, perceptions of products, etc.) (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

Companies are considered to have capabilities if they can integrate their resources to complete specific tasks. If these capabilities become a source of competitive advantage over the company's competitors, they will become the company's core competencies. This core competency differentiates the company from its competitors. It is a company's core competencies that generate a sustainable competitive advantage (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

There are two (2) tools available to help businesses identify and develop their core competencies. Specifically, by applying the four (four) criteria of sustainable competitive advantage and analysing the value chain of the company. Based on the 4 (four) criteria of competitive advantage, a capability can become a company's core competency if it is valuable, rare, costly to imitate, and non-substitutable. Called "valuable" if the capability can neutralize threats and take advantage of opportunities, "rare" if it is not owned by many parties, and "costly to imitate" if it is unique, difficult to learn, or socially complex (for example: in the form of relationships interpersonal relationships, trust, and good relationships with customers and suppliers) (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

Analysis of the value chain can also be used to determine a company's fundamental competences and capabilities. Using value chain analysis, businesses can determine whether or not their internal operations generate value. Companies with a competitive advantage must have resources that run their processes by providing value or being more valuable than competitors. If the "value chain analysis" identifies a company's internal processes that fail to provide added value, outsourcing is one approach that can be used to overcome these processes.

There are five sorts of business-level strategies that organizations can employ to win the competition: cost leadership, differentiation, focused cost leadership, focused differentiation, and integrated cost leadership/difference (Hitt, et al., 2017, 2009; David, 2011; David and David, 2017).

Cost leadership is a business strategy in which organizations produce goods/services with customer-acceptable product features and the lowest possible production costs relative to competitors. With the application of this approach, the business expects to sell its products at more competitive pricing. Differentiation is a business technique whereby organizations provide goods/services that customers perceive as unique (relative to other products) while maintaining acceptable production costs. This strategy is intended to target customers who expect different values from the products they buy.

In deciding between cost leadership and differentiation, businesses may choose a strategy of focus, i.e., the production of goods/services that serve only specific market segments. In addition to cost leadership, differentiation, and focus strategies, businesses can also integrate these tactics. This strategic integration aims to generate products that are both cost-effective and significantly differentiated from those of competitors.

Islamic Education Institution: Is Above Average Return Ultimate Goal?

Strategic Management emerged from business contexts; therefore, it defines that the ultimate goal of the Strategic Management is to obtain above-average returns. Return is the primary topic that is explored in Strategic Management, in particular regarding the goal of achieving a return that is greater than that achieved by the business's competitors. In the context of an Islamic educational institution, one of the primary dimensions of Strategic Management definition that needs to be investigated is the assumption on the objective of return achievement.

When discussing the objective of an Islamic education institution, it is necessary to divide the topic into two parts: 1) the objective of the Islamic education process, which will be represented mainly by the quality and performance of students; and 2) the objective of the Islamic education institution itself, which will be represented mainly by the institution's sustainability and its overall performance.

Islamic scholars have discussed a lot on the objective of Islamic education process. According to al-Ghazali (in Sheikh and Ali, 2019), the aim of education is to was to cultivate man in such a way that he would adhere to the teachings of religion and, as a result, be assured of salvation and happiness in the everlasting life that lies beyond this one. And this is something that can only be accomplished with the appropriate knowledge of various acts of worship. Al-Ghazali also discussed the additional goals of education that have to do with the result profile of the pupils. These goals include the building of character, the growth of morality, and the illumination of the heart (Sheikh and Ali, 2019).

Al-Attas (2019, page 23) said that the purpose of seeking knowledge in Islam is "to inculcate goodness in man as man and individual self. The end of education in Islam is to produce a good man, and not - as in the case of western civilization - to produce good citizen". While Al-Attas (2019, 26) defined education as "the recognition and acknowledgement, progressively instilled into man, of the proper places of things in the order of creation, such that it leads to the recognition and acknowledgement of the proper place of God in the order of being and existence". Iqbal (2016) defined the purpose of education is to train the human being's will in order to cultivate their personality and character which are essential to carry out their responsibilities on earth and to respond the challenge of their time. Faruqi (1982) proposed that the purpose of education is to facilitate the human being to have integrative knowledge (Islamic knowledge and science) allowing them to do transformation in social, political, and economic areas.

According to the purposes of Islamic education that have been proposed by Islamic scholars, there is not a single objective in Islamic education that incorporates the desire to train pupils in such a way that they obtain a great deal of material and/or trivial things. The acquisition of material wealth of the pupils is not the objective of Islamic education. The purpose of an Islamic education is to bring students to a knowledge of their God, to help them develop a morally upright character, and to also educate them to become leaders on earth who will help people find solutions to the challenges they face as a society.

Therefore, since the objectives of Islamic education are not of a materialistic nature, it is highly unlikely that the objectives of Islamic educational institutions will be to increase the wealth of the organization or the wealth of its owners. If this were to occur, there would be a significant contradiction in the process of putting Islamic education into practice. This is consistent with the history of Islamic civilization, which demonstrates that during the time of the Prophet Muhammad SAW, a *sahaba* and a devout forerunner of Islam, activities and/or teaching institutions were never carried out with the intention of bringing financial benefits to teachers and owners of these institutions.

There will be no discussion of past scholars in classical Islamic literature regarding the goals of Islamic educational institutions in relation to material things. This can be understood because at that time there were no Islamic educational institutions that functioned like business units and who looked for business profits like traders from the payments of the students they taught, like the phenomena that is occurring in the present day, where Islamic educational institutions have transformed into business units for the owners of those institutions.

However, a discussion of this modern issue, namely whether Islamic educational institutions can operate like business units, can be approached with the opinions of classical scholars regarding the permissibility or inability of teachers to charge fees from their students. Al-Ghazali, in the Book of *Al-Kasab*, a chapter of his book *Ihya Ulumiddin*, views the importance of work from a positive perspective, namely as an activity that is important for humans, especially because that work can lead humans to destruction or happiness in the hereafter, depending on how humans view their jobs. Ghazali has placed the work in the most excellent position in this evaluation. Ghazali used numerous arguments from the Al-Qur'an, the Hadith of Rasulullah SAW, and the opinions of early scholars to support his conclusion regarding the necessity of human work.

However, trading (work) will deteriorate to a humiliating level if humans want or desire wealth in excess of their needs, to be hoarded and stacked, and not used for charity or other good later on. On the other hand, trade or working is more essential if it is done to satisfy one's requirements and provide for oneself and one's family, to prevent begging due to poverty, and if the benefits acquired are utilized for good things such as charity and other beneficial things.

However, Ghazali also argues that for certain people, the fulfilment of their duties that are worthy of worship will be more important than their efforts to trade or work. Examples of these people include religious scholars who are busy educating the public, such as *muftis*, *mufassir*, *muhadith*, and the like; and people who are busy with public interests, such as sultans, judges, witnesses, and the like. Ghazali bases his argument on the priority principles that he frequently mentions. This view is consistent with the actions of the Companions of Rasulullah SAW, who provided Abu Bakr with a salary from Baitul mal to cover his needs during a time when he was busy and focused on becoming the Caliph of the Islamic Ummah at that time.

 Furthermore, Ghazali also shared the view of earlier classical scholars regarding the disfavour of accepting remuneration, which in the modern context is an effort to conduct business, for jobs related to society's obligatory interests, such as washing and burying the

dead, or teaching the Qur'an and religious knowledge to the general public. According to him, they are charities whose price is paid in the hereafter; therefore, accepting these generous gifts in the world is equivalent to exchanging the worth of the hereafter for the value of the world, which is not recommended.

From Ghazali's point of view, it can be argued that an Islamic educational institution cannot be a business that seeks major financial returns as expected by a business. Consequently, it is also concluded that the conventional purpose of strategic management cannot be used by Islamic education institutions, and that they require an alternative objective of strategic management that is compatible with Islamic education concepts.

Ihsan as the Ultimate Goal of Islamic Education Institution

According to Fontaine and Khaliq (2013), the ultimate objective of Islamic Strategic Management is the pursuit of justice. The essence of this concept is to serve the interests of many stakeholders in a just manner. This study demonstrates that this notion does not encompass the very original concept of Strategic Management, namely achieving strategic competitiveness or improved outcomes, among others (above average return). Justice is a prerequisite and basic compulsory for all organizations, whether they are large or little, wealthy or impoverished, newcomers or old players. Therefore, justice cannot be set as the status of above average achievement of Islamic education institution. Different concept need to propose.

From the views of Ghazali, in his *Al-Kasab*, in *Ihya Ulumiddin*, the most important need that must be met is that of fairness in commercial transactions. Fairness or just is compulsory in doing business. In the example with the trading activities, having a fair attitude returns the initial capital, while having an unfair attitude will produce losses. However, in order to make a profit, which is defined as revenue that is greater than the initial investment, a trader needs to employ an attitude that goes beyond the concept of fairness, which is the attitude of *Ihsan*, also known as **excellence**, in his profession. Ihsan is defined as the act of giving to others or performing acts that are more useful to the welfare of others. Ihsan is not required to be performed, but those who choose to perform it will be rewarded with priority and honour if they do so.

Forms of *Ihsan*'s attitude in general trade operations include 1) not taking too much profit from these trading activities in order to help buyers and prevent tyrannical transactions, 2) avoiding monopolistic transactions, etc. 2) being willing to sell at a loss for other, more noble goals, such as selling inexpensively to the needy, 3) treating debtors (indebted individuals) with a decent attitude, speaking softly, and giving room to those who encounter payment issues. 4) carrying out debt payments with noble character, such as paying on time or even expediting it, and 5) being willing to accept the return of products from the buyer for reasons such as dissatisfaction with the goods, a perceived flaw in the items, or other acceptable grounds.

Islam recognizes the notion of Ihsan based on a hadith of the Prophet SAW known as the Gabriel hadith. The Hadith that describes Jibril's arrival among the Prophet's companions to discuss faith, Islam, and *ihsan* (See Collection of Hadith Arba'in by Imam al-Nawawi). The Prophet SAW himself provided a clear and unambiguous interpretation of the meaning of *ihsan*. *Ihsan* means worshipping Allah as though you see Him, and if you do not feel that way, knowing that He sees you nonetheless. This description of Ihsan represents the pinnacle of human worship, which is worship that is sincere and of the highest quality, as if God were observing it. This is the tendency for humans to offer their best effort to those they perceive as their parents, superiors, leaders, or more powerful individuals. A believer and a Muslim realize

that God is the Creator so that the feeling of being seen by God will encourage people to give their best worship.

Islamic educational institutions might adopt the concept of Ihsan as their ultimate performance objective. Teachers deliver the best instruction, locate quality materials, and pay close attention to their students. Librarians seek out the finest selection of books, maintain proper premises, and provide courteous service. Financial personnel prepare accountable financial administration. All staff members contribute work of the utmost quality. And in overall, the functions within organization provides highest quality of their performance.

Strategic management, through environment analysis, defining vision-mission, formulating strategies, structuring the organization, nurturing strategic leaders, can assist Islamic education institutions and its people in attaining this degree of Ihsan performance. Ihsan will lead to the sustainability and quality of education service provided by the institutions.

Does Islamic Education Institution need to Compete?

The definition of strategic management was developed on the basis of the assumptions that the industries and markets throughout the world are always evolving and that the level of rivalry between market participants is constantly growing more severe. Because of the presence of hyper-competition, market stability does not exist anymore; nonetheless, the market will always have an intrinsic tendency toward instability and change. Globalization of the economy, which enables free movement of goods, services, and people across the geographic border of the market; and advances in technology, which make it possible for revolutionary inventions of product, service, and idea to be delivered in the market by any market players, are two factors contribute to the phenomenon of hyper-competition (Hitt et al., 2017).

The fact that universities and schools compete with one another to recruit students is something that has been an everyday occurrence. Instead of working collaboratively, educational institutions disseminated marketing methods that were virtually identical to those used by commercial companies. This method of competition was regarded by a few academics as unethical and unsuitable for the overall education objectives (Gibbs, 2009).

It is important to remember that throughout the history of Islamic society there are many examples of rivalries within the body of the Islamic ummah that resulted in failure as well as examples of collaboration between members of the ummah that resulted in triumph. Kilani (2008) explained that the defeat of the Muslim ummah in the First Crusade (1096-1099), which resulted in the fall of Jerusalem into the hands of the crusaders, was caused more by the weak internal condition of the Muslim ummah itself. One of the reasons for this weakness was the practice of the scholars and madrasas at that time, who had different schools of thought, to ridicule and humiliate other thoughts, and even occasionally results in bloodshed.

Ghazali (1058-1111), who was alive at that time period, witnessed the phenomena of fragmentation within the ummah, particularly among the scholars of Islam. After that, he took the initiative to write and teach Islam in the correct manner, which revived Islam's status as a religion that encourages morality and achievement. *Ihya Ulumiddin* is one of the works that Ghazali composed in order to provide a response to the predicament of this ummah. Through the madrasas he established, Ghazali decided to emphasize teaching so that people had a thorough understanding of their religion and did not use it as a source of division among Muslims (Kilani, 2008).

With his madrassas, Ghazali's ideas and teachings attracted scholars of his time and afterwards. Later academics, such as Abdul Qadir al-Jilani, developed their own madrasah

based on Ghazali's curriculum or educational and teaching concepts. Over the course of decades, these madrasas spread to other cities and villages throughout the Islamic areas. In particular periods, the leaders of these madrasas will convene at a conference to collaborate and strengthen one another (Kilani, 2008).

In the end, almost a century after the first Crusade, it was the graduates of these madrasas, serving as military leaders, counsellors, and visionary academics, who helped Sultan Shalahudin al-Ayyubi recaptured Jerusalem which then was followed by the third Crusade. In general, these madrasas have educated the population to restore Islamic values to their characters. In the Shalahudin Generation, the foundation for an important revolution in the body and leadership of the Islamic Ummah was a collaborative effort between scholars in the form of education of the ummah. The Ulama and their madrassas put an end to the destructive and unpleasant competition that they have with one another (Kilani, 2008).

The history of Indonesia's fight for independence from colonialism in 1945 reveals the significant role that Islamic traditional boarding schools (*pesantren*) played in the process (Bizawie, 2014). Prior to Indonesia's independence, these *pesantren* flourished and spread across a number of the Indonesia regions. Children, youths, and people of Indonesian in general are educated at *pesantren*, the majority of which are situated in rural areas. These individuals educated in *pesantren* subsequently go on to become independence fighters who struggle against colonialism.

These *pesantren* help and support one another. The leaders of the *pesantren* will also urge their pupils who have the potential to open new *pesantren* in other regions so as to expand Islamic education. During the month of Ramadan, the leaders of the *pesantren* might also send their students to other *pesantren* so that their students can learn with different teachers. This practice strengthens the bond amongst the *pesantren*, who all share the same educational vision.

It was these *presantren* students who preserved the fuel for the struggle against colonialist. Due to their knowledge of religion and the significance of independence, they became individuals who fought against colonialism for their people's independence.

According to the Qur'an, the quality that distinguishes the Muslim community as the best ummah is the Muslims' propensity to encourage one another to engage in good deeds and refrain from engaging in harmful actions (see Al-Qur'an Surah Ali Imran 110). This is one of the factors that contributes to the success of the Muslim ummah. What we now refer to as care, partnership, and cooperation are the very concepts that are stated in the Qur'an. Furthermore, the quality of advising one another is the trait that defines the Muslim community distinct from other communities. On the other hand, the people of the book permit their close relatives to behave inappropriately, as it is stated in Surah Al-Maidah 79 of the Quran, which states that they do not prevent each other from engaging in evil deeds. They are guilty of doing so, which is the worst form of behaviour there is.

The only acceptable form of competition is one in which participants strive to achieve good for themselves and others rather than to undermine their brothers or sisters. And this competition in kindness can be pushed even further forward with the collaboration in its various forms.

New Definition of Islamic Strategic Management

Based on the discussions that have taken place thus far, it is proposed to define strategic management of an Islamic educational institution as "**The full set of commitments, decisions, and actions that are required for an Islamic educational institution to achieve Ihsan (excellence) in its process and delivery and to create strategic collaboration for the purpose of realizing future sustainability and higher quality of the education services**".

On the grounds of this proposed definition, the External Environment Analysis of Islamic Educational Institutions will look at circumstances in the external environment from the perspective of the potential for collaboration, rather than from the standpoint of rivalry. Because of this, the Five Porter Analysis cannot be used for Islamic Educational Institutions. Both the PESTEL and the SWOT analysis models can still be applied.

The external environment of an Islamic educational institution can have an effect on both the organizational dimension and the student dimension. The term "organizational dimension" refers to any external factors that have the potential to influence the operating of an Islamic educational institution. These factors include such as politics, the economy, society, technology, law, regulation, the government, and other educational institutions. The term "student dimension" refers to any external factors that have the potential to directly influence the profiles of students, such as information technology, social, cultural, and community issues. Of course, the organization dimension will indirectly impact to the student. Therefore, the External Environment Analysis of Islamic Strategic Management of Islamic Education Institution can be formulated in the Figure 1 below (presented compared to conventional Strategic Management in Figure 2.
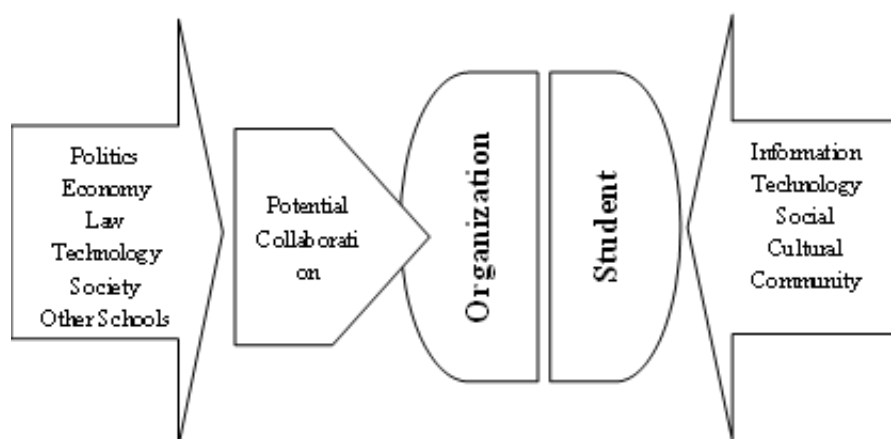

Figure 1. Model External Environment Analysis of Islamic Strategic Management.
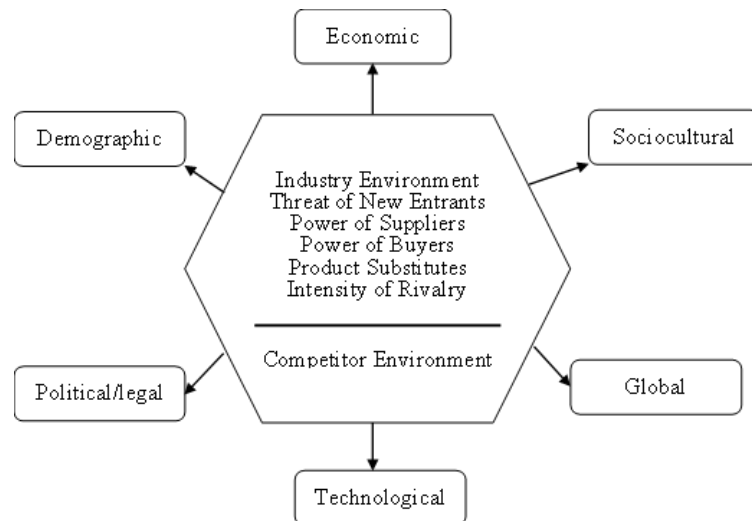
Source: Developed by Author

Figure 2. Model External Environment Analysis (Market Based View) of Conventional Strategic Management.

Source: Hitt, et al. (2017)

Furthermore, Since Ihsan has become the goal, and since collaboration has become a key feature of the proposed Islamic Strategic Management concept, the Strategic Management of Islamic educational institutions no longer completely accept the VRIN (Valuable, Rare, Non-Imitable, and Non-Substitutable) Formula which was originally proposed by the Resources Based View. It is due to the fact that VRIN also assumes the competition basis in business contexts. Therefore, the Resources Based View of Islamic Strategic Management can be formulated as Figure 3 below (presented compared to conventional Strategic Management in Figure 4.
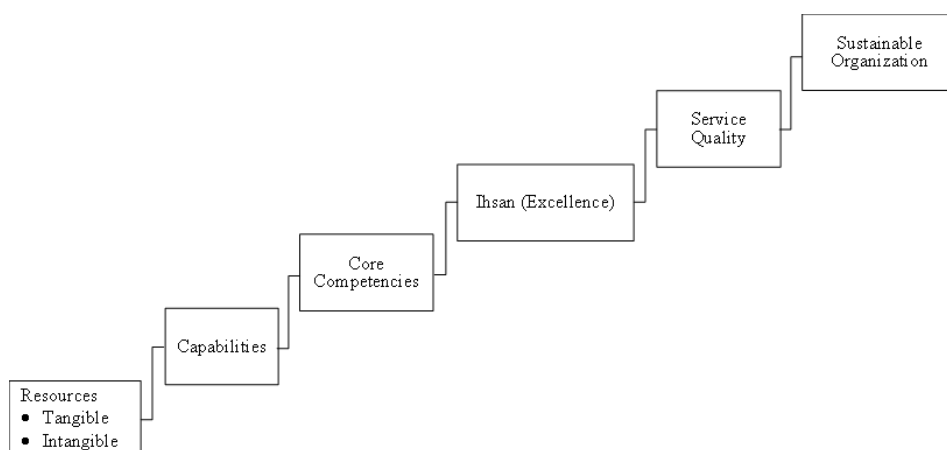

Figure 3. Model Resource Based View of Islamic Strategic Management
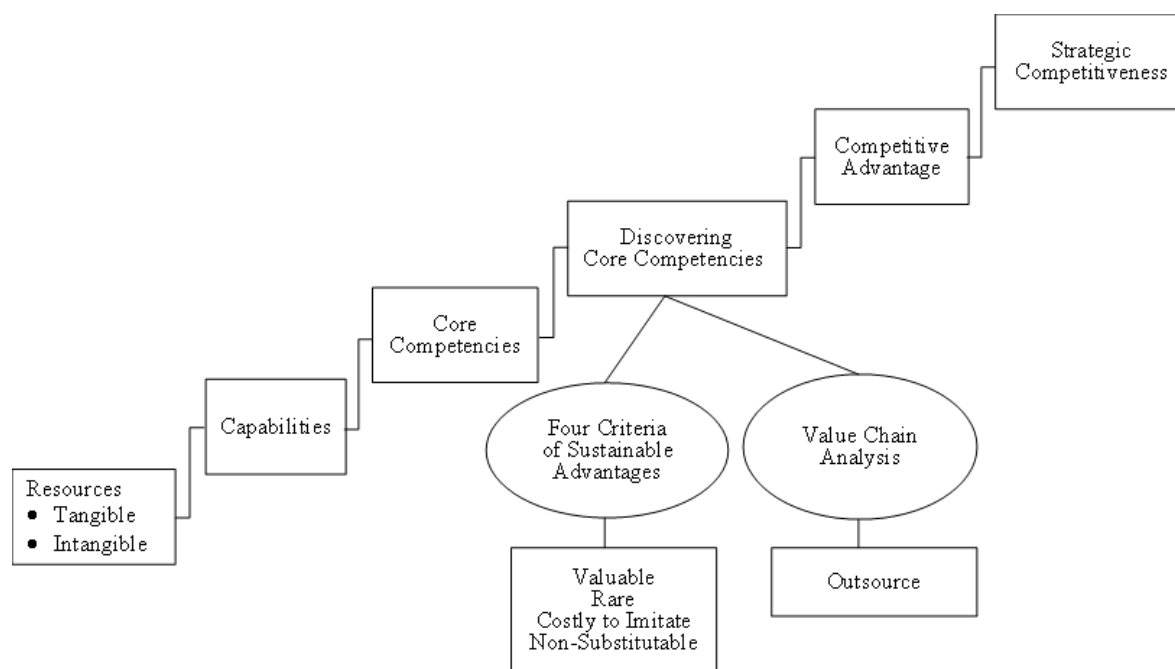
Source: Developed by Author

Figure 4. Model Resource Based View of Conventional Strategic Management.

Source: Hitt, et al. (2017)

Application of Islamic Strategic Management for Islamic Education Institution

The instances of application of Islamic Strategic Management for Islamic education institution are presented in the Table 02 below.

Table 2. Instances of Application of Islamic Strategic Management

Examples of Issues	Strategic Management in Islamic Educational Institution
Lack of facilities, and infrastructures	• Use External Environment Analysis to search for potential collaboration with other schools. • Defining vision and mission in accordance with the available capabilities. • Managing stakeholders promptly.
Lower quality of human resources	• Implement Strategic Leadership and Formal Governance for enhancing *Ihsan* within the profile of human resources. • Use External Environment Analysis to search for potential collaboration with other schools.

Examples of Issues	Strategic Management in Islamic Educational Institution
Poor funding and financial supports	• Use External Environment Analysis to search for potential funding (e.g., *waqf*). • Implement good governance for building trust of stakeholders.
Unsettled Curriculum	• Use External and Internal Environment Analysis to map the public (ummah) requirements and internal capabilities, to sharpen the vision and mission of the institution.
Lack of resources in supervising the programs	• Implement proper design of organization structure. • Nurturing strategic leadership within the institution.
Lower Quality of Inputting Student	• Use External and Internal Environment Analysis to map the public (ummah) requirements and internal capabilities, to sharpen the vision and mission of the institution, including the specific target of education programs.

Lessons from Pesantren Al-Qur'an Sangatta Taqwa (Paqusatta Islamic Boarding School)

Some concepts and applications of the Islamic Strategic Management as proposed above had been empirically implemented in the practical field at Pesantren Al-Qur'an Sangatta Taqwa (Paqusatta) located at Kutai Timur, Province Kalimantan Timur, Indonesia. The result of application of Islamic strategic management at Paqusatta become the first qualitative primary evidence on the effectiveness of Islamic strategic management for Islamic education institution.

Pesantren Al-Qur'an Sangatta Taqwa (Paqusatta) was inaugurated on Thursday, January 28, 2016, by the Regent of Kutai Timur, Mr. Drs. H. Ardiansyah Sulaiman, M.Sc., marking the beginning of the school's official establishment. The effort to establish Paqusatta had actually begun two years earlier, in 2014, when KH Hamim Thohari moved to Sangatta Kab. East Kutai. Prior to that, KH Hamim Thohari had worked as a caretaker and teacher at a number of other Islamic boarding schools throughout Java.

The general populace of Sangatta, in the district of East Kutai, as well as Islamic da'wah activists, warmly supported KH Hamim Thohari's proposal to create a pesantren. Mr. Ahmad Wasrip served as the foundation's leader and oversaw the establishment of the Islamic boarding school, which was established under the administration of the *Sentra Generasi Harapan* Foundation. The physical process of ground breaking began with the donation of land, building materials, and financial resources by a number of da'wah advocates for the construction of the Paqusatta Mosque, which was the first structure to be constructed. During the early stages of the development efforts, a large number of volunteers were also involved.

In June of 2015, Paqusatta recruited nine new students from the Sangatta Islamic High School (STAI) Campus and the Sangatta Plantation College (STIPER). The initial students are expected to contribute to the preparation of resources that would assist KH. Hamim Thohari in developing pesantren. In 2016, Paqusatta began accepting six kids who had completed elementary school. During this time, the students received direct instruction in Islamic studies and memorization of the Quran from KH. Hamim Thohari. As of June 2021, Paqusatta has 122 junior high school students and 35 high school students from various subdistricts in Kab. East Kutai, instructed by 12 teachers.

Paqusatta Islamic Boarding School is not a pesantren with financial and resource advantages. The rapid development in more than 5 years is an effort by Paqusatta's management to find the right strategy for student education and the development of students. Some of the key problems found by Paqusatta and the strategies taken by their management can be summarized in the following Table 03.

Table 3. Strategic Actions of Paqusatta in Early Establishment

Issues	Strategic Actions
Lower capability of incoming students	Redefining the vision of *Pesantren*, to be more relevant with the requirements of the communities. So the vision of *Pesantren* is to produce preachers ("*da'i*") for Kalimantan who have adequate life skill. This last vision was decided after they had some previous versions which then were not considered suitable with the condition of *Pesantren*.
Lack of number and quality of teachers	• Collaboration with other schools/university for providing the teachers. *Pesantren* obtained teachers for Scout, Sport, Arabic, Fiqh, through this program. • Offering teaching voluntary program for communities and employees in coal mining areas. *Pesantren* obtained teachers of science, math, and English through this program.
Lack of Facilities	Collaboration with Muhammadiyah School for providing class, computer, etc., in certain period. Allocating land areas for investor, for revenue stream and for education facilities.
Poor Financial Revenue from the Students	Developing good governance on financial management, including preparing financial statement of *Pesantren*. Separating the assets of Pesantren from assets of teachers etc. Collaboration with LPZ Sinergi for generating financial support. Managing waqf from coal mining employees (all land areas were waqf from public).

Issues	Strategic Actions
Social context of remote area	Developing its own text books to be more suitable for the condition of students.

Conclusion

Islamic education institution requires new definition of strategic management since the conventional strategic management concepts are constructed from the business contexts. While, it is argued that the Islamic education institution, as per Islamic perspective, can not be business unit generating financial profit just like the business enterprise. Therefore, the definition of Islamic strategic management for Islamic education institution is proposed as "The full set of commitments, decisions, and actions that are required for an Islamic educational institution to achieve Ihsan (excellence) in its process and delivery and to create strategic collaboration for the purpose of realizing future sustainability and higher quality of the education services". The key features of the proposed Islamic strategic management is collaboration concept replacing the competition mindset assumed in the conventional strategic management; and *ihsan* concept as a main contributing factor for sustainable organization and continuous quality service delivery, replacing the average financial return as assumed in the conventional strategic management.

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