



# Determining the Competitive Strategy of the University Based on Performance Measurement with Malcolm Baldrige Criteria

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## Abstract

The problems faced by universities today are improving performance and using the right strategy to increase the number of students in accordance with market conditions and demand. Therefore, the university must have a measuring tool that assesses the overall condition of the university so that it can find out the current performance condition to determine the appropriate strategy. So this research aims to obtain an overview of university performance using the Malcolm Baldrige method. In accordance with its objectives, this study uses qualitative research methods by measuring overall performance based on Malcolm Baldrige criteria. The results showed that before applying the Malcolm Baldrige evaluation, Universitas Koperasi Indonesia only focused on financial aspects, resulting in weak facilities, weak work systems, and a lack of employee motivation. After analysing the Malcolm Baldrige criteria, there was a need for improvement in the work system and operational processes. The university is at the early improvement level, indicating systematic early adoption, but is not yet consistent in all work units, so strategies can be done differently.

**Keywords** - Performance; Competitive Strategy; Malcolm Baldrige; University

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## 1. INTRODUCTION

The growth of universities in West Java Province has experienced enormous growth, so the emergence of new standards, changes in student demands, and others are part of what universities must anticipate. Universities that have good performance will be the choice of students to enroll in college, so it can be seen that the larger the number of students, the more the campus has implemented the company's performance well and is the right choice for students. Universitas Koperasi Indonesia is a university that has 2 faculties, namely the faculty of economics and business with 3 study programs, namely management, accounting, and Sharia Economics, and the faculty of science and technology with 3 study programs, namely data science, agribusiness, and food technology.

Universitas Koperasi Indonesia has different and unique characteristics in that this campus teaches cooperative content. Universitas Koperasi Indonesia noted that the number of students decreased by 25% in 2023; this data shows a decline in student interest. In addition, there are problems including: coordination with the leadership has not been structured properly and correctly; unclear strategic

planning; students as consumers still feel dissatisfaction with the teaching and learning process because facilities and services are still lacking and there is a gap between lecturers and students; unclear standard operating procedures (SOP); inadequate human resources where the ratio between lecturers and students is not balanced; and the rank or position is not yet established because some lecturers still have the rank of expert assistant and lector while the number of head lecturers and professors is still very small. Because of these problems, there is a need for comprehensive performance improvement at Indonesian cooperative universities. Performance improvement requires a method that can be used by universities to become a world-class university of customer choice. There are several methods for conducting performance assessment, such as Balance Scorecard, Malcolm Baldrige, and ISO 9000, but Borowski (2008) considers Malcolm Baldrige to be very different because it complements and refines the existing performance assessment methods. Malcolm Baldrige has its own uniqueness compared to other assessment methods. Denis (2006) states that utilizing Malcolm Baldrige for assessment effectively reveals both financial and non-financial performance within the organization. There are seven categories that Malcolm Baldrige sees in performance assessment, such as: leadership, strategic planning, customer focus, analytical measures, knowledge management, workforce focus, process focus, and business results.

### Literature Review

Core values and concepts closely relate to one another in the Malcolm Baldrige criteria. Core values and concepts are inherent in the beliefs and behaviors that exist in high-performance organizations. These core values and concepts form the foundation for integrating key business requirements into a result-oriented framework, which then serves as the basis for action or feedback. There are eleven core values and concepts to build the Malcolm Baldrige business criteria: visionary leadership, customer-driven excellence, organizational and personal learning, valuing workforce members and partners, agility, focus on the future, managing for innovation, management by fact, social responsibility, focusing on results and creating value, and systems perspective. The eleven core values and concepts are then summarized into seven criteria known as the Baldrige Criteria for Performance Excellence. The systems perspective is depicted in the form of a burger, and then at the top is an umbrella that describes the organization's snapshot profile of the philosophy, legal rules, and what and why the company was established. The following Malcolm Baldrige criteria framework is presented in Figure 1:

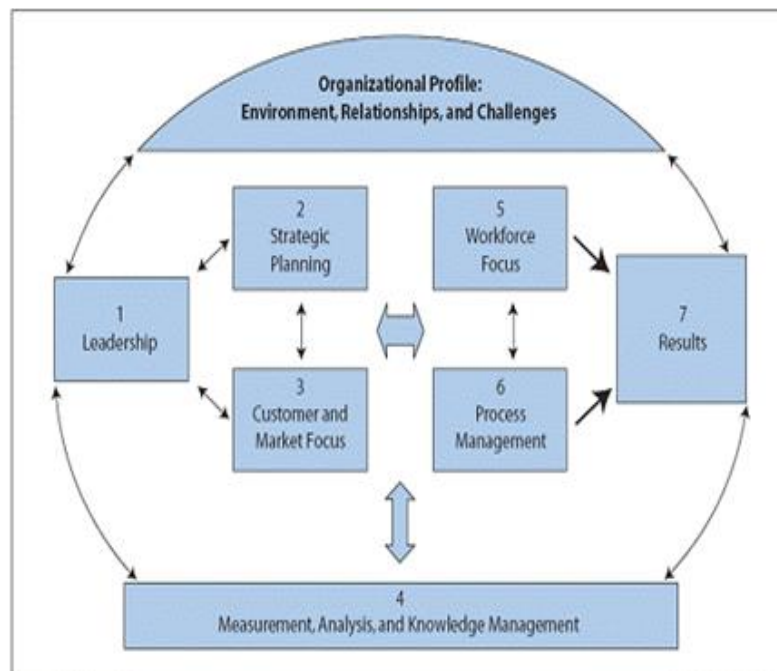


Figure 1. Malcolm Baldrige criteria framework

Source : quality.nist.gov

The evaluation of the assessment is then weighted with the values set in Table 1:

**Table 1. Malcolm Baldrige Assessment Points**

<b>Categories and Items</b>	<b>Point</b>	<b>Values</b>
<b>1. Leadership</b>		<b>120</b>
1.1 Senior Leadership	<b>70</b>	
1.2 Governance and Social Responsibilities	<b>50</b>	
<b>2. Strategic Planning</b>		<b>85</b>
2.1 Strategy Development	<b>40</b>	
2.2 Strategy Implementation	<b>45</b>	
<b>3. Customer Focus</b>		<b>85</b>
3.1 Voice of the Customer	<b>45</b>	
3.2 Customer Engagement	<b>40</b>	
<b>4. Measurement, Analysis, and Knowledge Management</b>		<b>90</b>
4.1 Measurement, Analysis, and Improvement of Organizational Performance	<b>45</b>	
4.2 Management of Information, Knowledge, and Information Technology	<b>45</b>	
<b>5. Workforce Focus</b>		<b>85</b>
5.1 Workforce Environment	<b>40</b>	
5.2 Workforce Engagement	<b>45</b>	
<b>6. Operation Focus</b>		<b>85</b>
6.1 Work System	<b>45</b>	
6.2 Work Process	<b>40</b>	
<b>7. Result</b>		<b>450</b>
7.1 Product and Process Outcomes	<b>120</b>	
7.2 Customer-Focused Outcomes	<b>90</b>	
7.3 Workforce-Focused Outcomes	<b>80</b>	

<b>Categories and Items</b>	<b>Point</b>	<b>Values</b>
<i>7.4 Leadership and Governance Outcomes</i>	<b>80</b>	
<i>7.5 Financial and Market Outcomes</i>	<b>80</b>	
<b>TOTAL</b>		<b>1000</b>

To find out the level of organizational performance predicate on value weighting based on Malcolm Baldrige criteria can be shown in Table 2

**Table 2. Predicate Levels and Malcolm Baldrige Performance Score Values**

<b>Predicate level</b>	<b>Skor</b>	<b>Level</b>
<i>EarlyDevelopment</i>	0 – 275	Poor
<i>Early Result</i>	276 – 375	
<i>EarlyImprovement</i>	376 – 475	
<i>Good Peformance</i>	476 – 575	Average
<i>EmergingIndustry Leader</i>	576 – 675	
<i>Industry Leader</i>	676 – 775	Exellent
<i>BenchamarkLeader</i>	776 – 875	
<i>World Leader</i>	876 – 1000	

Measuring organizational performance involves describing the empirical conditions of various standard measures of the company. According to Nasucha, company performance is the overall effectiveness of the organization in meeting the needs of each group with regard to systematic efforts to improve the organization's ability to continuously and effectively achieve its needs (Fahmi, 2013: 3). The purpose of performance appraisal is to motivate personnel to achieve organizational goals and comply with standards in order to produce the actions and results desired by the organization. Performance appraisal is carried out for continuous organizational improvement because, for every organization, especially business organizations, it is a must. This is seen in the high level of competition between companies. Performance appraisal is essential for enhancing performance quality and boosting productivity and company profits. Another purpose of performance appraisal for all parties is to ensure that they understand the benefits they expect (Rivai and Basri, 2004: 55). Atkinson et al. (1997: 58) say that "the role of performance assessment in helping organization members manage the value chain". Referring to this statement, performance appraisal contains the task of measuring various organizational-level activities so as to produce feedback information to make organizational improvements. Organizational improvement includes planning improvement, process improvement, and evaluation improvement. Evaluation results are information for planning-process-evaluation improvement, and then planning-process-evaluation must be carried out continuously so that competitive advantage can be achieved.

## **2. METHODS**

This research uses qualitative research methods because it is in accordance with the purpose of the study, which is to obtain an overview of university performance using the Malcolm Baldrige method. The data sources in this study consisted of primary data sources and secondary data sources. Primary data sources were obtained from questionnaires given to students and interviews with informants consisting of heads

of study programs, deans, and vice rectors. Secondary data sources are obtained from information and other written documents used by the university.

### 3. FINDINGS AND DISCUSSION

Performance measurement based on student perspectives with Malcolm Baldrige criteria can be used to analyze the university's performance for future university performance improvement strategies as follows: The results of the study provide an overview that leadership describes the vision and mission of the organization has been laid by university leaders as the basis for organizational movement that is always instilled in employees in order to make the vision and mission of the organization the soul of the organization. The role of leadership at the university in providing direction and role models for all employees at the university can translate the vision and mission of the company so that service activities to partners, relationships between employees, and rapid response to complaints can be handled properly. The above conditions are in line with the Malcolm Baldrige concept that leadership in an organization must be able to direct the formation of the vision, mission, values, governance, and social responsibility of the organization. To implement the vision, mission, governance, and social responsibility, university leaders are currently trying to carry out cultural transformation. This can be understood because this university is one of the oldest campuses in Sumedang Regency, which is in a very strategic location. The process of cultural transformation carried out by university leaders has been quite successful, as evidenced by the fact that the company's leaders have begun to create a family atmosphere and customer complaints can be handled properly. The Malcolm Baldrige concept not only relies on the development of strategic plans but also emphasizes the ability of organizations and leaders to spread the strategic plan and translate it into key indicators that are easily understood and implemented in daily activities. The dissemination of organizational strategy requires an integrated effort by senior leaders and technical leaders to create a communicative medium so that all parties in the organization can be involved in efforts to achieve the goals of the strategy that has been set. The results obtained regarding respondents' perceptions of strategic planning variables at Indonesian cooperative universities should be a key indicator for improving performance. With the capital status of the campus and very good accreditation, the university should be able to develop various strategic plans, especially to increase competitiveness at this time and in the future. The current situation illustrates that the university does not have a strong strategy, so it is unable to answer the challenges of competition from the service delivery of other educational service industries that are better prepared. Students feel that the company has not been good at focusing on customers due to the lack of a positive and quick response to any complaints given to customers. The quality improvement program must be led by SPMI and oriented to students in order to run successfully. Juran (1999) added that the best quality should be in accordance with what is needed or expected by customers. Based on the description above, it can be concluded that the university is still not optimal in focusing on customers. It is still found that there are facilities that are not in accordance with the expectations desired by customers. The proof is that wifi access is very slow, the lobby is not representative of waiting for guests, and there is a lack of signage that directs students.

There is still a lack of information obtained as a form of service provided. Employees are still considered unable to measure the implementation of the work they have done, so there is no standard time carried out by each worker. This variable is closely related to the previous variable, namely strategic planning, which is the clearly visible development of strategic plans that are not good, causing difficulties for implementers in measuring the success criteria for the implementation of the work. Malcolm Baldrige criteria for measurement, analysis, and knowledge management variables are divided into two sub-variables, namely measurement, analysis, and performance improvement, as well as information management, information technology, and knowledge sub-variables. The existence of this variable plays an important role in synergizing the three variables in the Leadership Triad, namely leadership, strategic planning, and focus on customers, and the three other variables in the Results Triad, namely focus on labor, focus on operations, and performance results. This information is based on the image in the Malcolm Baldrige criteria framework. Based on the analysis above, the university actually already has a work plan and measuring instruments that have been made by each work unit. Each employee should be able to measure

independently on the results of their work, but not all employees can do it well, so the university has not optimized the improvement of employee competence on an ongoing basis. The current condition of the university does not have backup data properly, so if a disaster occurs, it will be very difficult to get university data. This indicates the weakness of the technology system used by the university. Malcolm Baldrige criteria emphasize that achieving high performance requires companies to manage compensation, career paths, and work practices well. In managing human resources, it is still seen that the length of service of employees is the main thing. For example, in the process of recruiting employees, the university recruits employees from other universities by looking at the length of work experience without any regeneration process from within the university. Besides that, the information on promotion is still closed, making employees less motivated to improve functional positions. The process of continuous improvement of quality and productivity in every activity can help leaders achieve improvements in quality (Deming, 1986). Universities currently face the main obstacle of improving facilities to enhance performance quality. The process of repairing facilities takes quite a long time and process, because for the authorization of repair work, it takes a very long time, starting from finding a third party for the work, submitting a proposal to the ranks of the vice chancellor for the approval process of the repair process and funds, until the process of disbursing funds carried out by the central finance department. The ability of university management to improve quality is still not optimal because, at this time, the development of external factors is very dynamic. With the growth of the number of universities offering attractive prices and facilities, the campus should anticipate the growth immediately, but based on evidence in the field, the university cannot anticipate in advance all forms of market competition. For this reason, university leaders are required to always be responsive and adaptive, always following and adjusting to the state of the environment. The rector and his staff must build a strong team to determine the ways or approaches for maintaining and developing the organization in an ever-changing environment. Researchers encountered obstacles faced by students in terms of presenting the quality of the evidence of poor wifi access and a lack of lighting in the hallway to the class because the building is old. The above problems should be a concern in order to improve the quality at the university. Good quality should be in accordance with what is needed or expected by students, so that with the presentation of low quality, it will be difficult for the university to increase its competitiveness.

Based on the above analysis, the calculation of the evaluation of Malcolm Baldrige criteria for Indonesian cooperative universities can be seen in Table 3.

**Table 3. Malcolm Baldrige calculation Indonesian Cooperative University**

<b>Categories and Items</b>	<b>Target</b>	<b>Pencapaian</b>	<b>Nilai</b>
<b>1. Leadership</b>	<b>120</b>		<b>59</b>
1.1 Senior Leadership	70	28,5	
1.2 Governance and Social Responsibilities	50	30,5	
<b>2. Strategic Planning</b>	<b>85</b>		<b>46</b>
2.1 Strategy Development	40	21	
2.2 Strategy Implementation	45	25	
<b>3. Customer Focus</b>	<b>85</b>		<b>44</b>
3.1 Voice of the Customer	45	26,75	
3.2 Customer Engagement	40	17,25	

Categories and Items	Target	Pencapaian	Nilai
<b>4. Measurement, Analysis, and Knowledge Management</b>	<b>90</b>		35
4.1 Measurement, Analysis, and Improvement of Organizational Performance	45	15	
4.2 Management of Information, Knowledge, and Information Technology	45	20	
<b>5. Workforce Focus</b>	<b>85</b>		45
5.1 Workforce Environment	40	25	
5.2 Workforce Engagement	45	20	
<b>6. Operation Focus</b>	<b>85</b>		26,75
6.1 Work System	45	16,25	
6.2 Work Process	40	10,5	
<b>7. Result</b>	<b>450</b>		212
7.1 Product and Process Outcomes	120	40	
7.2 Customer-Focused Outcomes	90	44	
7.3 Workforce-Focused Outcomes	80	48	
7.4 Leadership and Governance Outcomes	80	50	
7.5 Financial and Market Outcomes	80	30	
<b>TOTAL</b>	<b>1000</b>		<b>467,75</b>

Based on the calculation of Malcolm Baldrige, the resulting value achieved by the Indonesian cooperative university shows that the Indonesian cooperative university is in the Early Improvement condition, meaning that the Indonesian cooperative university has an initial method approach that is systematic, effective, responsive to existing conditions, but still not consistently applied to all related work units. According to the Malcolm Baldrige criteria, becoming a superior company requires a score in the range of 850–1000 with the predicate world leader, so leaders and staff of Indonesian cooperative universities must strive to implement innovative activities to encourage breakthroughs or changes so that relations between work units can run harmoniously to support the achievement of organizational goals.

The current organizational level indicates that Indonesian cooperative universities are still at an average level, so Indonesian cooperative universities must make a good strategy so that in the future, Indonesian cooperative universities can achieve their vision and mission. With the creation of the mission, the strategy and its implementation can begin. The strategy is an action plan for an organization to achieve the mission. In accordance with the mission of Indonesian cooperative universities, namely providing high-quality products and services to meet student expectations through the development of the best resources and management,.

The results of the assessment using the Malcolm Baldrige criteria are expected to improve the quality of performance at the Indonesian cooperative university, so the results of this study can justify the theory put forward by Denis (2006), which states that performance measurement using the Malcolm Baldrige criteria can be used to effectively measure financial and non-financial performance in the organization.

## 1. CONCLUSION

The condition of the Indonesian cooperative university before using the evaluation of Malcolm Baldrige is still limited to looking at the financial aspect, so the assessment is not comprehensive to the company's performance, so weaknesses are still found, for example, facilities in bad condition, the absence of a work system, and the lack of employee motivation that causes a decrease in the quality of performance. Analysis of the seven Malcolm Baldrige criteria revealed that company leaders should prioritize focusing on operations. Research found weak work systems and work processes that exist in Indonesian cooperative universities, so there is a need for the implementation of quality control by means of maintenance, motivation, and work systems, as well as guidelines for work standards and operations. The predicate level of Indonesian cooperative university performance based on measurements using Malcolm Baldrige is in the Early Improvement position, meaning that the university has an initial method that is systematic, effective, and responsive to existing conditions but still not consistently applied to all related work units.

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