

Competitive Advantage Through a Strategic Approach

(Study on Islamic Banking in South Kalimantan)

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Abstract— This study aims to test and prove empirically: the influence of five competing forces on the sharia banking competitive strategy and sharia banking competitive advantage; the influence of internal environmental factors on the competitive strategy and competitive advantage of sharia banking and the influence of sharia banking competitive strategy on sharia banking competitive advantage. Theoretically the results of this research are expected to be able to enrich and complement the treasury of knowledge in the field of Management, especially Strategic Management theory, so that it can be beneficial for academics and practitioners. The study population is all of the South Kalimantan Sharia Banking in all regencies and cities throughout South Kalimantan consisting of Sharia Commercial Banks (BUS) and Sharia Business Units (UUS). And the sample in this study is that the managers of Islamic Banking in South Kalimantan numbered 44 respondents. The collected data were analyzed by Partial Least Square (PLS) analysis. The results of this study indicate that (1) Islamic banking is able to detect five factors of competitive power to implement competitive strategies appropriately. (2) Five factors of competitive power have the potential to increase the competitive advantage of Islamic banking. (3) Internal environmental factors are still not strong enough to utilize the competitive strategies of Islamic banking (Mudharabah, Musyarakah and Murabahah) to the maximum, especially towards competitive strategies with profit sharing principles (Mudharabah and Musyarakah). (4) Internal environmental factors have the potential to increase the competitive advantage of Islamic banking. (5) Applying the right sharia banking competitive strategy can improve competitive advantage.

Keywords— *Five Factors of Competition Strength; Internal Factors; Competitive Sharia Banking Strategy; Competitive Advantage*

I. INTRODUCTION

The development of Islamic banks in various countries was quite encouraging after the conference of Islamic countries worldwide in 1969, in which a thought emerged that Islamic banks were clean from the usury system at the international level. Rammal (2006) said that "The concept of interest-free was officially launched in the 1970's by the Organization of Islamic Countries (OIC) and introduced in most Muslim nations and some Non-Muslim nations". The development of Islamic banking in the UK has a huge

opportunity (Ahmad, 2008). Similarly, in Bangladesh Islamic banking has experienced success (Sarker, 2006).

Furthermore, in the teachings of Islam usury interest is expressly prohibited according to the hadith Rasullullah Muhammad SAW narrated by Muslim Imam (Al-Qardhawi, 2002). Surah Al-Iran verse 130: "O you who believe, do not eat usury, multiply and fear you so that you will have good fortune". As for the basis of al-hadith, among others, in the form of a hadith narrated by Muslims: Jabir said that Rasullullah SAW condemned those who received usury, those who paid for it and those who recorded it and two witnesses, then he said "They are all the same". This reality was further strengthened by the Decree of the Indonesian Ulema Council (MUI) recently that bank interest was unlawful. Islamic banking that prohibits the payment or receipt of interest. (Rammal, 2009).

Indonesia as a country with the largest number of Muslims has the potential for the rapid development of Islamic banks (Antonio, 1999). The presence of Islamic banks in Indonesia has the opportunity to progress and succeed, because the majority of Indonesian people are Muslims and approximately 54% of the Muslim community fiqhiyah disapproved of the bank interest system applied by conventional banking (Navriantoni, 2003).

Bank Indonesia (2007), in its report stated that the performance of Islamic banks in South Kalimantan showed a very significant increase. The share of Islamic banking in South Kalimantan, an increase compared to the previous quarter, is also higher than the national figure which only recorded less than 2%.

The rapid growth of Islamic banks, requires each bank to further improve its performance while making the right strategy formulation to respond to various external and internal challenges (chalenges) surrounding it to achieve competitive advantage.

The features of sharia banking and as the clearest differentiator of conventional banking are the Profit Loss Sharing paradigm (Chong & Liu, 2008; Rammal, 2006; Mabid and Munawar, 2001). Research by Kia & Darrat (2007) provides support that Islamic banking is a profit-sharing banking system. Sarker (2008) also shows evidence from Bangladesh that Islamic banking can work even

without a conventional bank framework with more than Profit Loss Sharing (PLS).

Supported by Rammal's research (2003) which says that Musyarakah is based on a profit-sharing system. And Mudharabah as a financial instrument in an Islamic bank that is based on a profit-sharing sharing system and guarantees of profit in a labarugi distribution system (Rammal, 2004).

The E-S-P (Enviroment-Strategy-Performance) paradigm approach in which environmental variables influence the strategy (Hitt et al., 2001). Idrus (1997) states that strategies are basically structured to form a 'response' to the relevant external changes of an organization. Understanding of the external environment combined with internal environmental factors can assist in the formulation of operations and strategy management. The combination of these two things, will precisely make it more survive (Moeljadi, 1999).

To identify what advantages the company has compared to competitors, the company needs to understand the pattern and position of the company in competition by using "The Five Force Model" from Porter (Crown, 2007). According to Setiawan (2006) the five factors of Porter's competitive strength for Islamic banking include (1) feuds among competing companies; (2) potential opportunities for new competitors; (3) potential development of substitute products; (4) bargaining power of depositors; and (5) bargaining power of financing customers.

Furthermore, a company can be said to have a competitive advantage when it has something more over its competitors in attracting consumers and defending themselves against the competitive forces that try to suppress the company (Pralahad and Hamel, 1990 and Kanter, 1990). Porter (1985) says that generically there are only two strategies to achieve competitive advantage. The two strategies are (1) differentiation, namely by occupying a special position in the market and (2) low cost, which has a relatively low production cost compared to competitors. The advantages of Islamic banks compared to conventional banks are the accuracy in channeling funds (Fadila, 2006) and deposit growth (Ascarya, 2007).

Looking at the findings of previous researchers, it seems that Islamic banking is largely driven by the rise of Islam throughout the world and Islamic banks must comply with regulations similar to their counterparts in the West (Chong & Liu, 2008). Journal and literature as well as the involvement of experts in the development of Islamic banking is still limited (Gunawan, 2005). Khan (2008) said in his research that there were quite a few PhD theses at Western University that wrote about various issues relating to Islamic Economics, especially Islamic banking.

In this study, only the principle of profit sharing (syirkah) which covers Mudharabah and Musyarakah, and the principle of buying and selling (bai) includes Murabahah. This is caused by the phenomenon that develops in the community towards the principle of profit sharing (syirkah) which includes Mudharabah and Musyarakah, assuming Islamic banks are profit-sharing banks, because the establishment of Islamic banks is based on profit sharing systems in product development (Law No.

7/1992). There are 4 (four) operational principles of Shari'ah Bank, namely the profit sharing principle (syirkah) covering Mudharabah and Musyarakah, the sale and purchase principle (bai) covering Murabahah, Salam and Istisha, the principle of leasing (Ijarah wa Iqtina / Ijarah Muntahiyah Bittamlik), and other services include Wakalah, Kafalah, Rahn, Hawalah, Qardh (Antonio, 2009). And to the principle of buying and selling (bai) namely Murabaha most in demand, because the financing is more consumptive and short-term in nature (Mabid and Munawar, 2001; Rochma, 2005; Sugema Iman, 2007).

II. THEORETICAL REVIEW

A. Five-Factor Model Of Porter's Competitive Strength

According to Porter (1980, 1985) and Porter and Millar (1985), a company develops its business strategy in order to gain a competitive advantage (ie increase its profits) more than that of its competitors. This is done by responding to five factors of competitive power, namely:

- The threat of new entrants.
- Fellow Competition of Companies in the Industry.
- Threats of Replacement Products.
- Threats of Replacement Products.
- Bargaining Power of Buyers.
- Bargaining Power of Suppliers.

This five factor competitive power model can be a solid foundation for developing business strategies that can generate strategic opportunities.

Porter (2001) in his recent research emphasized the importance of analyzing the five factors of competitive power in developing strategies to achieve competitive advantage.

B. Internal Environmental Analysis

Internal environmental analysis is a process by which strategic planners review the company's marketing and distribution, research and development, production and operations, company resources and employees as well as financial and accounting factors to determine where the company has important capabilities, so that the company makes use of opportunities with the most effective way and can handle threats in the environment (Glueck and Jauch, 1999).

The internal environment according to Wheelen and Hunger (2003) consists of variables (strengths and weaknesses) that exist within the organization but are usually not in the short-term control of top management. These variables form the atmosphere in which the work is done. These variables include the structure, culture, and resources of the organization.

C. The concept of competitive strategy

A good understanding of the concept of strategy and other related concepts will determine the success of the strategy prepared. The company's strategy is a comprehensive planning formulation of how the company will achieve its mission and objectives (Wheelen & Hunger, 2003).

Hariadi (2003) said that company strategies classified on the basis of task levels consist of generic strategies which will be translated into main strategies, then the parent strategies are translated into strategies at the functional level of the company such as marketing, finance, HR and operational.

Porter (1980) suggests the notion of generic strategy is an approach to corporate strategy in order to outperform competitors in similar industries. In practice, after the company knows its generic strategy, its implementation will be followed up with a more operational strategy determination step. So a generic strategy is an approach to outperform competitors in the industry that is lived, in this particular industry structure means that all companies can get high profit results.

D. Competitive Advantage

Competitive advantage is defined by Porter (1985) as the value a company can create for its buyers is greater than the costs incurred by the company to create that value.

To be able to identify what advantages are owned and will continue to be developed by the company compared to competitors, the company needs to understand the existing patterns of competition and the company's position in competition (Crown, 2007). To understand the pattern and position of the company is to use "The Five Force Model" from Porter

Porter (1985) says that generically there are only two strategies to achieve competitive advantage. The two strategies are (1) differentiation, namely by occupying a special position in the market and (2) low cost, which has a relatively low production cost compared to competitors.

E. Islamic Banking

Islamic banking is everything that concerns about Islamic banks and Islamic business units, including institutions, business activities, as well as ways and processes in carrying out its business activities (Undang-undang No. 21 of 2008). Islamic banks are banks that carry out their business activities based on sharia principles and by type consist of Sharia Commercial Banks and Sharia Rural Financing Banks. Sharia principles are Islamic legal principles in banking activities based on fatwas issued by institutions that have the authority to determine fatwas in the sharia field.

Sharia banking operations are based on the following basic principles :

- The Principle of Deposit or Al-Wadi 'ah. In the Islamic fiqh tradition, the principle of deposit is known as AlWadi 'ah, which is interpreted as pure deposit from another party, both individuals and legal entities, which must be safeguarded and returned whenever the requester wants it. Fellow Competition of Companies in the Industry.
- Funding. In the distribution of Islamic banks' funds must be guided by the principle of prudence. In this connection, banks are required to scrutinize prospective recipient customers and based on sound financing principles. Other provisions relating to

distribution and banking remain valid as long as they do not conflict with the shari'ah principle. Threats of Replacement Products.

In channeling funds to customers, generally there are four groups of sharia bank operational principles, namely the principle of buying and selling (bai), leasing (ijarah wa iqtina), profit sharing (syirkah), and other services (Antonio, 2009).

The beginning of the development of the economy on an Islamic basis in Indonesia actually started from the banking sector with the operation of Bank Muamalat in 1992 which was then followed by the mushrooming of growth of the Syariah People's Bank Perkereditan after that.

The development of the sharia banking industry is still marked by a high level of expansion which shows the high demand for sharia banking services.

III. METHOD

A. Research Design

This research is designed to answer the problems that have been formulated, the research objectives to be achieved and test hypotheses. The main research methods used in this study are literature review and interviews with managers from Islamic banking in South Kalimantan.

B. Population and Samples

The study population is all Islamic banking in South Kalimantan in all districts and cities in South Kalimantan totaling 44 units.

The sample in this study was the Islamic banking managers in South Kalimantan totaling 44 respondents. Furthermore, this study is a population study because the subjects are all Islamic banks in South Kalimantan totaling 44 Sharia Banks consisting of Sharia Commercial Banks and Sharia Business Units.

If all members of the population are used as samples and if the population is relatively small, the so-called saturated sample is a census, where all members of the population are sampled (Sugiyono, 2004). Furthermore, if someone wants to examine all the elements that exist in the research area, then the research is population research. The study or research is also called a population study or census study (Arikunto, 2002).

C. Instrument

Questionnaire based on Likert scale is used to measure each indicator in this study. Each indicator of each variable used in this study was measured using a 5-point Likert scale indicating, a scale of 1 = Strongly disagree and 5 = strongly agree. Then the data is processed using SPSS version 11.5.

D. Instrument Validity and Reliability

Validity and reliability tests are conducted before the questionnaire is given to respondents. The minimum requirement to be considered valid or eligible is if $r \geq 0.3$, and the research instrument can be said to be reliable (reliable) if it has a reliability coefficient of 0.6 or more (Sekaran, 1992).

Based on the results of testing the validity and reliability using the Alpha Cronbach method all indicators are declared valid and reliable, the correlation coefficient value is greater than 0.30 and the reliability coefficient is greater than 0.60 as presented in the following table:

TABLE I. VALIDITY AND RELIABILITY TEST RESULT

Indicator	Items	Correlation coefficient	validity	Reliability coefficient	Reliability
<i>Five Factors of Competitive Strength</i>					
X11	5	0,602 – 0,852	Valid	0,834	Reliable
X12	4	0,560 – 0,843	Valid	0,641	Reliable
X13	4	0,688 – 0,834	Valid	0,775	Reliable
X14	3	0,772 – 0,824	Valid	0,706	Reliable
X15	4	0,789 – 0,910	Valid	0,891	Reliable
<i>Internal Environmental Factors</i>					
X21	4	0,769 – 0,863	Valid	0,846	Reliable
X22	10	0,468 – 0,801	Valid	0,860	Reliable
X23	5	0,703 – 0,898	Valid	0,870	Reliable
X24	6	0,614 – 0,879	Valid	0,828	Reliable
X25	3	0,888 – 0,961	Valid	0,916	Reliable
<i>Competitive strategy</i>					
Y11	3	0,381 – 0,850	Valid	0,789	Reliable
Y12	4	0,790 – 0,869	Valid	0,831	Reliable
Y13	3	0,923 – 0,971	Valid	0,951	Reliable
<i>Competitive Advantage</i>	6	0,749 – 0,931	Valid	0,922	Reliable

^a. Source: Primary Data Processed, 2009

E. Data Analysis

This research emphasizes two data analysis methods, namely quantitative analysis methods and qualitative analysis methods.

- Quantitative analysis approach in conducting data analysis, namely: inferential statistical analysis using Partial Least Square (PLS) with SmartPartial Least Square (PLS) software.
- The qualitative analysis approach, in conducting data analysis, places more emphasis on interpretative explanations and interpretations of relevant social phenomena, and does not merely involve the category of right or wrong but broader than that also includes norms and moral aspects that are always inherent in the relationship of researchers and those being investigated (Muhajir, 2000) Interviews were conducted in a structured manner using interview guidelines.

IV. RESULT

Hypothesis testing in the structural model is related to the results of the regression coefficient tests for each path described in Table II following.

TABLE II. STRUCTURAL MODEL HYPOTHESIS TEST RESULTS

Arah jalur			Coefficient	Average coefficient of the sample	Error	T
<i>Five Factors of Competitive Strength</i>	→	<i>Competitive strategy</i>	0,534	0,575	0,087	6,036
<i>Five Factors of Competitive Strength</i>	→	<i>Competitive Advantage</i>	0,372	0,368	0,115	3,229
<i>Internal Environmental Factors</i>	→	<i>Competitive strategy</i>	0,123	0,144	0,121	1,017
<i>Internal Environmental Factors</i>	→	<i>Competitive Advantage</i>	0,252	0,275	0,101	2,496
<i>Competitive strategy</i>	→	<i>Competitive Advantage</i>	0,379	0,474	0,105	3,623

^b. Source: Primary Data Processed, 2009

The table above explains that of the 5 paths in the initial structural model, there are 1 paths which are statistically insignificant, namely the path of internal environmental factors to the Islamic bank's competitive strategy (coefficients = 0.123 and t = 1.017).

A. The Relationship Between Five Competitiveness Factors (X1) and Sharia Bank Competitive Strategies (Y1)

These results provide the decision that the regression coefficients obtained have shown that there is an influence of the construct of the five competing power factors to the construct of the Sharia bank competitive strategy. Thus, the research hypothesis which states that there is a direct relationship between the five factors of competitive power and Islamic bank's competitive strategy is accepted.

B. The Relationship Between Five Factors of Competitive Strength (X1) and Competitive Advantage (Y2)

These results provide the decision that the regression coefficients obtained have shown that there is an influence from the construct of the five competing forces to the competitive advantage. Thus, the research hypothesis which states that there is a direct relationship between the five factors of competitive power and competitive advantage is accepted.

C. The Relationship between Internal Environmental Factors (X2) and Sharia Bank Competitive Strategies (Y1)

These results provide the decision that the regression coefficient obtained has shown no influence from the construct of internal environmental factors to the construct of Islamic bank competitive strategies. Thus, the research hypothesis which states that there is a direct relationship between internal environmental factors and Islamic bank's competitive strategy is rejected.

D. The Relationship between Internal Environmental Factors (X2) and Competitive Advantage (Y2)

These results provide a decision that the regression coefficient obtained has shown that there is an influence from the construct of internal environmental factors to the construct of competitive advantage. Thus, the research hypothesis which states that there is a direct relationship

between internal environmental factors and competitive advantage is accepted.

E. The Relationship between Sharia Bank Competitive Strategy (Y1) and Competitive Advantage (Y2)

These results provide the decision that the regression coefficients obtained have shown that there is an influence from the Islamic banking strategy construct to the construct of competitive advantage. Thus, the research hypothesis which states that there is a direct relationship between the factors of Islamic bank competitive strategy and competitive advantage is accepted.

V. DISCUSSION

Hypothesis testing in the structural model is related to the results of the regression coefficient tests for each path described in Table 5.2. following.

A. The more ability of Islamic banking to detect five competitive power factors, the more accurate the strategy of Islamic banking is applied.

This study provides results that Porter's five competitive power factors can increase competitive advantage through sharia banking competitive strategies. The five competitive strength factors include: competition among competing companies, potential opportunities for entry of new competitors, potential development of substitute products, bargaining power of depositors' customers and bargaining power of financing customers.

Getting to know competitors in depth and the products offered will help the company to be more precise in making competitive strategy policies that will enhance brand identity, increase competitor diversity and enrich product differentiation as competition factors among competing companies.

The facts show that potential opportunities for new competitors will increase the number of non-bank newcomers. The identity of the non-bank newcomer brand is very important because to find out the name of the new non-bank product and its characteristics that are different from Islamic banks. the number of newcomers in the form of sharia-based foreign banks where the role of E-business can facilitate the entry of companies into new markets. The number of non-bank Islamic financing institutions, such as multi-finance companies or companies that issue Islamic bonds (sukuk), are potential competitors of Islamic banks.

Respondents' responses to the potential development of substitute products will have an impact on the relatively competitive prices of substitute products meaning that the prices of Islamic bank products can still compete with potential substitute products. Sharia bank substitute products such as Islamic finance companies are a threat from the potential development of substitute products. But on the contrary the tendency of customers to substitute products is still in doubt, as well as the number of new products from substitute products as shown by respondents' answers is very low, so it has not been a strong threat from the potential development of substitute products.

The depositors' customer relationship guarantee is an indicator of the bargaining power of the interested

depositors. The volume of financing is an indicator of the bargaining power of dominant financing customers. This indicates that there is an interdependent relationship that is the existence of high control from the Islamic banking party to the customer.

B. The more ability of Islamic banking to detect five competitive power factors, the greater the potential of Islamic banking to gain competitive advantage.

This study provides results that Porter's five competitive power factors can increase the competitive advantage of Islamic banking. The five competitive strength factors include: competition among competing companies, potential opportunities for entry of new competitors, potential development of substitute products, the bargaining power of depositors and the bargaining power of financing customers.

The influence of five factors of competitive power to achieve the competitive advantage of Islamic banking is influenced by the low cost advantage. The cost advantage applied by Islamic banks is that the products and services offered are cheaper than competitors. These products and services are Murabahah products. Murabahah financing is a financing that implements a buying and selling system (Ba'i) and this financing is very attractive to the public because the operational costs of the buying and selling system are relatively cheaper compared to the profit sharing system (Syirkah). The fact now is that the development of Islamic banks is dominated by buying and selling products, especially Murabaha. The advantage of differentiation that is Mudharabah and Musyarakah is what distinguishes Islamic banks from conventional banks.

E-business is one of the competitive advantages of Islamic banks that are in demand. Ebusiness, is a business activity carried out through internet technology that can build competitive advantage in an efficient and innovative way.

C. The better the condition of internal environmental factors, the more accurate the competitive strategy adopted by Islamic banking.

This study explains that internal environmental factors are still not strong enough to utilize the competitive strategy of Mudharabah, Musyarakah and Murabahah Islamic banking. This means that the relationship between internal environmental factors and the Islamic bank's competitive strategy that is applied still needs deeper study, due to various external factors that influence it. However, the development of Islamic banking shows a sharp increase from year to year, and has the potential to be very rapid as indicated by total assets, third party fund raising and profitability that increases every year.

The facts show that the implementation of profit sharing system often results in an effective payment amount borne by the borrower higher than the margin / sale-purchase system, and the risk of the profit-sharing system is greater, besides business risk there is also the risk of dishonesty of the customer in submitting a business profit report.

Profit sharing financing products with Mudharabah and Musyarakah contracts are lower than Murabahah sale and purchase products means that products with Murabahah

buying and selling patterns are more in demand by the community. The community is not difficult to distinguish between Islamic bank products and conventional bank products, especially in products with Murabahah (buying and selling) contracts. Murabaha is more interested because its financing is more consumptive in nature and the nature of short-term financing.

The facts above show that customers who use profit-sharing products (Mudharabah and Musyarakah) are relatively fewer compared to the buying and selling products (Bai) namely Murabahah. Mudharabah and Musyarakah are products for working capital financing so they have large business risks and long-term financing characteristics.

D. The better the condition of the internal environmental factors of Islamic banking, the greater the potential of Islamic banking to gain competitive advantage.

This study provides an explanation that there is a relationship between internal environmental factors and the competitive advantage of Islamic banking. This means that Islamic banking has a competitive advantage through increased internal environmental factors.

Internal environmental factors of Islamic banking, namely the development of product innovation to support the creation of quality product designs and in accordance with community expectations. Products with good quality and in accordance with the expectations of the community are the main attraction for customers. Interest in these products has the potential to increase competitive advantage.

Product variations offered by Islamic banking tend to be quite diverse, namely products in the form of fund raising (funding) which includes; wadiah and murabahah, distribution of funds (financing), such as buying and selling (murabahah, salam and istisna), ijarah, profit sharing (musyarakah & mudharabah) as well as other services (services) based on sharia principles, such as hiwalah, ranh, kafalah, and sarf.

Revenue sharing system is the respondent's answer to the marketing management factors of interest. The concept of profit sharing owned by Islamic banks is an advantage of Islamic banks and is also a characteristic that distinguishes Islamic banks from conventional banks.

Image of sharia bank employee services to customers that can give a positive impression. Access to services in order to facilitate service to customers of Islamic banks, almost all Islamic banks offer services through ATMs of a national nature with international access. With easy access also plays a role in facilitating customers to get good bank services.

The accounting system used is in accordance with Islamic Accounting (PSAK 59). Financial ratios and strengths in the form of Financing Deposit Ratio (FDR), Islamic banking have increased, followed by a decrease in the ratio of Non-Performing Financing (NPF) and the total financial resources and strengths consisting of operational costs and operating income have increased as which has been shown by a decrease in the ratio of operating costs and operating income. So that the condition of sharia banking's internal environment is getting better, potentially increasing the competitive advantage of sharia banking.

E. The more precisely the competitive strategy adopted, the more able Islamic banking increases competitive advantage.

This study provides an explanation that the competitive strategy of Islamic banking can improve the competitive advantage of Islamic banking. This means that Islamic banking competitive strategy with Mudharabah, Musyarakah and Murabahah profit sharing patterns with buying and selling patterns is a competitive advantage for Islamic banking.

The competitive advantage of Islamic banking is the low cost advantage that is considered to be the cost leader because of lower margins, namely Murabaha, and the differentiation advantage is Mudharabah and Musyarakah, the profit sharing pattern, as the clearest differentiator between Islamic banks and conventional banks.

The collection of customer funds without certain conditions (Mudharabah Mutlaqah), Mudharabah Mutlaqah savings products and unconditional Mudharabah financing (Mudharabah Muthalaqah) are strategic choices for Mudharabah profit sharing. Mudharabah financing products are products with profit sharing patterns which are the differentiation advantages of sharia banking products.

Musharaka profit sharing financing with a share of 80:20 is in great demand, a competitive strategy with the Musharaka profit sharing system, namely the competitive advantage of Islamic banking differentiation.

Consumptive Murabaha is relatively very high compared to productive Murabaha and investment Murabaha. Consumptive Murabaha is very popular because Consumptive Murabaha is a consumer financing for customers who need goods procurement such as vehicle purchases and renovations. This indicates that consumptive Murabaha, productive Murabaha and Murabaha investment are competitive buying and selling strategies (Murabaha) which are competitive advantages of low cost (cost leader) because of lower margins. So that the more precise the Islamic banking implements the competitive strategy of Mudharabah, Musyarakah and Murabahah, the more capable the Islamic banking will be to improve competitive advantage.

VI. CONCLUSION

based on the results of the analysis of data acquisition it can be concluded that :

- The five competitive factors of Islamic banking can apply the competitive strategy of Islamic banking Mudharabah, Musyarakah and Murabahah.
- The five factors of Islamic banking competition, namely the increasing growth of third party funds and very high levels of profitability, reflect the competitive advantages of Islamic banking through five factors of competitive strength.
- Further assessment is needed on internal environmental factors so that the competitive strategies of the Islamic banks Mudharabah, Musyarakah and Murabahah are applied more accurately, because the internal environmental

factors do not significantly influence the competitive strategy with the profit sharing principle (Mudharabah and Musyarakah).

- Internal environmental factors of Islamic banking through improving the performance of Islamic banking as indicated by the reduction in the ratio of operational costs and operating income can increase competitive advantage.
- The competitive strategy of Islamic banking Mudharabah, Musyarakah and Murabahah can increase the competitive advantage of Islamic banking and the competitive strategy that is very attractive to customers is Murabaha.
- The competitive advantage of Islamic banking is the advantage with low cost, namely Murabaha and differentiation advantage, namely Mudharabah and Musyarakah because it is the clearest differentiator between Islamic banks and conventional banks. The competitive advantage of Islamic banking is the accuracy in channeling funds in the form of financing with the Mudharabah, Musyarakah and Murabahah contracts.

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