

No ISBN: 978-602-1154-24-1



FACULTY OF ECONOMICS
UNISSULA - SEMARANG



FACULTY OF ISLAMIC AND BUSINESS
UIN SUNAN KALIJAGA - YOGYAKARTA



INSTITUTE OF ISLAMIC BANKING AND FINANCE
IIUM - MALAYSIA

PROCEEDING

3rd
AICIF 2015

ASEAN International Conference on Islamic Finance

SEMARANG, NOVEMBER 18–19TH 2015

**The Role of Zakah and
Islamic Financial Institution
into Poverty Alleviation and
Economics Security**



WORLD CLASS ISLAMIC UNIVERSITY
UNISSULA
SULTAN AGUNG ISLAMIC UNIVERSITY

No ISBN: 978-602-1154-24-1



FACULTY OF ECONOMICS
UNISSULA - SEMARANG



FACULTY OF ISLAMIC AND BUSINESS
UIN SUNAN KALIJAGA - YOGYAKARTA



INSTITUTE OF ISLAMIC BANKING AND FINANCE
IIUM - MALAYSIA

3rd **AICIF** 2015 *ASEAN International Conference on Islamic Finance*

Editors:

1. **Olivia Fachrunnisa, Ph.D** (UNISSULA, Semarang)
2. **Dr. Khaliq Ahmad bin Mohd Israil** (IIUM, Malaysia)
3. **Dr. Ibnu Qizam** (UIN, Yogyakarta)

Layout:

Harjanto

Publisher:

Faculty of Economics Unissula

Printing by:

Bintang Communication
Jl. Tri Lomba Juang No.7 Semarang
email: bintang.comm@gmail.com

Editor Address

Faculty of Economics Unissula
Jl. Raya Kaligawe Km.4 Semarang Central Java
phone: 024 6583584
website: aicif2015.unissula.ac.id

FOREWORD

Assalamualaykum. Wr. Wb

As a steering committee of 3rd ASEAN INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE (AICIF-2015), firstly I would like to say “Thank You Very Much” to all parties for their enormous effort toward the detailed arrangement for hosting this conference.

The 3rd AICIF is organized by Faculty of Economics - Sultan Agung Islamic University (UNISSULA), Faculty of Islamic Economics and Business - State Islamic University Sunan Kalijaga Yogyakarta (UIN Yogyakarta), and Institute of Islamic Banking and Finance – International Islamic University Malaysia.

The conference is aimed to discuss “Role of Zakah and Islamic Financial Institution into Poverty Alleviation and Economics Security”. Islamic financial institution, such as Islamic banking, Islamic unit trust, Islamic insurance, etc.. has growth very fast for last decade. They become important part relating to the efforts improving the quality of life of the society as well as relieving the society from the riba trap. In the context of recent economy, the Islamic financial institutions as economy pillar continues to challenge effort of poverty alleviation.

Conference aims to bring together researchers, scientists, and practitioners to share their experiences, new ideas and research results in all aspects of the main conference topics.

Furthermore, I would like to extend my gratitude to authors who submitted their papers to AICIF 2015 conference and also reviewers for their contribution and effort to excellent conference proceeding.

Finally, for all of you, welcome to AICIF 2015. I hope you will enjoy the conference and have a nice time during your stay in Semarang Indonesia.

Wassalamualaykum. Wr. Wb

Regards,
Olivia Fachrunnisa, PhD
3rd AICIF 2015 Steering Committee ,
Dean
Faculty of Economics
Sultan Agung Islamic University
Indonesia.

TABLE OF CONTENT

EDITORS	i
FOREWORD	ii
TABLE OF CONTENT	iii
Key Factors Affecting Credit Risk In Indonesian Islamic Banking Yono Haryono Noraini Mohd. Ariffin Mustapha Hamat	1
Efficiency Of The Banking Sector In Malaysia Fekri Ali Shawtari Mohamed Ariff	2
The Role Of Relational Capital In Increasing The Collection And Distribution Of Zakah To Eradicate Poverty In Central Java Heru Sulistyono	3
Creating Sustainable Competitive Advantages And Improving Salesperson Performance Through Intelligence, Emotional, And Spiritual Quotients And Selling Ability Of Smes In Central Java Province Asyhari Sri Hindah Pudjihastuti Dian Marhaeni Kurdaningsih	4
Woman's Portrait in the Chain of Poverty: Looking at Early Marriage from Gender and Sexuality Perspectives Inayah Rohmaniyah	5
Angels: Islamic Bank Of Health Maya Indriastuti Luluk Muhimatul Ifada	6
Child Labor in Indonesia: Education and Health Consequences Sunaryati	7
Determinants Of The Factors That Cause Abandoned Housing Projects: A Study Of Home Buyers Of Islamic Home Financing In Malaysia Dzuljastri Abdul Razak	8
Corporate Governance And Capital Structure Analysis At Islamic Bank In Indonesia Mutamimah	9

The Effect Of Investment Decision, Funding Decision And Dividend Policy On Corporate Value	10
Dista Amalia Arifah Siti Roifah	
Mobile Payment System Framework Based On Gold As A Measurement Of Value	11
Bedjo Santoso Ahamed Kameel Meera Salina Hj. Kasim Khaliq Ahmad	
Corporate Financing Behaviour Of Shariah Compliant E50 Smes. A Panel Data Approach Of GMM	12
Razali Haron	
Crude Palm Oil Market Volatility: Pre And Post Crisis Periods Evidence From Garch	13
Razali Haron Salami Mansurat Ayojimi	
Legal And Regulatory Framework Of Islamic Banking In Libya - Regulatory Authority, Licensing Of Islamic Bank, Shariah Governance And Dispute Resolution	14
Zainab Belal Rusni Hassan	
Developing a Comprehensive Performance Measurement System for Waqf Institutions	15
Nazrul Hazizi Noordin Siti Nurah Haron Salina Kassim	
Improving Financial Education To The Poor At The Bottom - Of Pyramid: The Role Of Social Finance Vis A Vis Financial Institutions	16
Laily Dwi Arsyianti Salina Kassim	
Regulatory Framework Of Islamic Banking In Afghanistan: A Cursory Overview	17
Mohsen Abduljamil Khan Rusni Hassan	

Efektivitas Transmisi Kebijakan Moneter Syariah Jalur Pembiayaan	18
Rizqi Umar Muh. Ghafur Wibowo Abdul Qoyum	
The Environmental Development Model For Poverty Eradication Through Corporate Social Responsibility (CSR) Program	19
Abdul Hakim	
The Role of Bank as Waqf Institution to Promote Indonesian Agricultural Sector	20
Faaza Fakhrunnas	
The Analysis Of Profit Equalization Reserve (PER) In Income Smoothing Of Islamic Banking	21
Prima Shofiani Arief Bachtiar	
The Analysis Of Determinants Selected Corporate Governance Attributes And Company Attributes On Financial Reporting Timeliness In Indonesia (Evidence From Sharia Security List The Period Of 2009-2013)	22
Ifa Luthfiana Iwan Budiyo Nyata Nugraha	
The potential role of Social Impact Bond (SIB) as a financial tool that can help address the issues of poverty and socio-economic security	23
Syed Marwan Mujahid	
Zakat Productive: Transforming Mustahiq To Muzakki	24
Musviyanti Fibriyani Nur Khairin	
The Ways To Increase Shareholders Wealth In Indonesia Sharia Stock Index	25
Naqiyyah Nunung Ghoniyah	
Accountability Of Fund Management In Mosques, Kalimantan Timur, Indonesia	26
Yunita Fitria Ahmad Zamri Osman Zaini Zainol	

Intellectual Capital And Performance Of Islamic Banks	27
Hendri Setyawan Tri Dewi Jayanthi	
Risk Management And Management Accounting Parctice Of BPRS In East Java	28
Ulfi Kartika Oktaviana	
Using ZIS (Zakat Infaq Shodaqoh) Institution to Expand Access to Renewable Energy Services In Indonesia	29
Aji Purba Trapsila	
Collabrate Farmer Association Based Production House and Baitul Maal Wat Tamwil : Increasing Farmer Productivity Through Optimalization ZIS Funding and Sharia Finance Product by Farmer (Walfare Farmer) CardScheme	30
Rifaldi Majid Evita Meilani	
Workplace Spirituality and Employee Engagement for Islamic Financial Institution: A Conceptual Model	31
Olivia Fachrunnisa	
Transformation Of Charities By Islamic Social Movements In Yogyakarta, 1912-1931: A History Of Islamic Wealth Management	32
Ghifari Yuristiadhi	
Customer Interaction Management Capabilities And Market Intelligence Quality For New Product Performance	33
Tatiek Nurhayati Hendar	
Assessing The Appropriateness And Adequacy Of The Provision For Housing Under The Haddul-Kifayah For Asnaf Faqr And Asnaf Miskin	34
Khairuddin Abdul Rashid Sharina Farihah Hasan Azila Ahmad Sarkawi	
An Overview Of Corporate Governance Practices Of Selected Islamic Banks: Case Of Rhb Islamic Bank, Masraf Al Rayan And European Islamic Investment Bank	35
Zainab Belal Lawhaishy Mustapha Hamat	

Asnaf Of Zakat: A Comparison Between Zakat Regulations In Wilayah Persekutuan And Selangor Darul Ehsan	36
Aznan Hasan Nurun Nadia Binti Mohamad	
Review of the Theory and Practice of Islamic Banking in Indonesia	37
Ibnu Haitam	
Zakatable Items: A Comparison of Definition between Syeikh Yusuf al-Qardawi and States Enactments in Malaysia	38
Aznan Hasan Raja Madihah Binti Raja Alias	
Shariah Committee Composition In Malaysian Islamic Financial Institutions: Post Implementation of The Shariah Governance Framework 2010 And Islamic Financial Services Act 2013	39
Muhammad Issyam b. Itam@Ismail Rusnibt. Hassan	
Interpretation Of Integrated Zakat And Tax: Review Of Planned Behavior Theory	40
Agus Setiaway Fibriyani Nur Khairin	
Financial Consumer Protection: An Exploratory Study On Islamic Financial Services Act 2013 (IFSA), Bnm Regulations And Other Relevant Statutes	41
Norzarina Nor azman Sabarina Abu Bakar Solara Hunud Abia Kadouf Rusnibt. Hassan Muhammdlssyam bin Itam@Ismail	
Zakat Houses For Asnaf Faqr And Miskin: Are Houses Appropriate And Adequate?	42
Khairuddin Abdul Rashid Azila Ahmad Sarkawi Sharina Farihah Hasan Srazali Aripin	
[Re] Defining Mudharabah Financing	43
Musviyanti Salmah Pattisahusiwa	

Analysis Influence Of Difference Perception Between Shari'a Banking With Consumer Perception Towards Customer's Purchase Intension Shari'a Banking in Semarang	44
Sri Rahayu Tri Astuti	
Marketing at the Bottom of Pyramid: Cultural Ethnic Linkage to Islamic Microfinance Sales Promotion Scheme	45
Permata Wulandari Salina Hj. Kassim Liyu Adikasari Sulung Niken Iwani Surya Putri	
Zakat As Social Function Of Shariah Banking Related To SMEs Empowerment For Poverty Alleviation	46
Mispiyanti Junaidi	
Holistic View On Malaysian Islamic Interbank Money Market: A Critical Assessment	47
Buerhan Saiti	
The Role Of Islamic Work Ethic, Spiritual Leadership And Organizational Culture Toward Attitude On Change With Organizational Commitment And Job Involvement As Mediator On Bank Pembiayaan Rakyat Syari'ah (BPRS) Indonesia	48
Haerudin Bedjo Santoso	
Implementation of Good Corporate Governance In Indonesian Islamic Banking	49
Ro'fah Setyowati Bedjo Santoso	
Ascertaining Transparency And Accountability In The Practice Of Assessment Of Claims For Loss And Damage In Contractor's All Risks (CAR) Takaful	50
Puteri Nur Farah Naadia Bt Mohd Fauzi Khairuddin Abd. Rashid	
Market Reaction Toward Default Notice Of Islamic Bonds In Indonesia	51
Wuryanti Kuntjoro Happy Sista Devy	
The Role Of Religiosity And Manifest Needs To Increase The Productivity Of Human Resources	52
Arizqi Heru Sulistyono	

Islamic View On The Gold As Money	53
Bedjo Santoso Salina Hj. Kasim Mustofa Omar	
The Prospects Of Islamic Banking In Higher Distance Education	54
In Baskara Rini Febrianti Nadia Sri Damajanti	
Entrusting Zakah (Alms) Administration To The Government: A Review Of Historical Study And Shari'ah Perspective	55
Abdulsoma Thoarlim Mursalin Maggangka Mohamamed Muneer'deen Olodo al Shafi'i	
Protecting Zakat And Waqaf Assets Through Takaful	56
Puteri Nur Farah Naadia Mohd Fauzi Khairuddin Abd. Rashid Azila Ahmad Sharkawi Sharina Farihah Hasan Srazali Aripin	
Cooperative Takaful as a New Operational Model: A Conceptual Study	57
Azman bin Mohd Noor Olorogun, L.A	
Perceived Fairness in Islamic Home Financing: Selection between BBA and MM	58
Mohamed Imtiyaz Salina Kassim	
Ict Creative Industry Development : Sinergized Approach	59
Mutamimah Mustaghfirin Mustafa	
The Effect Of Inflation Rate, Liquidity Ratio, And Interest Rate On Investors Reaction With Share Investment Risk As Intervening Variable (Empirical Studies On The Jakarta Islamic Index)	60
Yonimah Nurul Husna Imam Setijawan	

Analyzing The Effect Of Debt Level And Book Tax Differences On Persistent Earnings (Empirical Study on Manufacturing Company listed on the Indonesia Stock Exchange in the period of 2011-2013)	61
Guntur Prasetya Lulu M. Ifada	
The Effect Of Soundness Of Banks Use Risk Based Banking Rating Method On The Financial Performance Of Islamic Banks	62
Shintya Dewi Adi Putri	
Organizing Optimization Of Social Insurance Agency (BPJS) Based On Public Satisfaction In Central Java	63
Alifah Ratnawati Yusriyati Nur Farid Noor Kholis	
Effect Of Green Supply Chain Management Practices On Supply Chain Performance And Competitive Advantage	64
Osmad Muthaher Sri Dewi Wahyundaru	
Testing The Effect Of TQM On The Islamic Microfinance Institutions Performance Using Partial Least Squares Approach	65
Hamzah Abdul Rahman Abdo Ali Homaid Mohd Sobri Mina	
The Perception And Interest Of Teachers On Islamic Bank	66
Any Meilani Isnina Wahyuning Sapta Utami	
Implementing Corporate Social Responsibility (CSR) Program Through Zakat Model	67
Damanhur Umarudin Usman	
Improving Competitive Advantage Of Small And Medium Enterprises Through Green Competence And Green Image	68
Sri Ayuni Abdul Hakim Agus Wachyutomo Heru Sulistyio	
Allocation Fiscal Balance Transfers Local Government From The Central Government To The Prosperity For Ummah	69
Khoirul Fuad	

Grand Theory Model Of Strategic Quality: Strategic Asset Approach	70
Widodo	
Customer Loyalty Based On Islamic Service Quality	71
Moch. Zulfa Agus Sobari	
A Study on The Human Resource and Knowledge Management of Islamic Banking in Indonesia	72
Tri Wikaningrum Mutamimah	
Islamic Bank Laboratory Strengthening Toward Islamic Rural Banking	73
Idah Zuhroh Dwi Susilowati Nazaruddin Malik Eris Tri Kurniawati	
The Influence Of Corporate Social Responsibility Toward Financial Performance	74
Oktavia Indriyani ProvitaWijayanti	
The Influence Of Islamic Leadership Style, Role Conflict, Role Ambiguity Of Auditors Turnover Intention With Organization Commitment As An Intervening Variable	75
Devi Permatasari	
Determinant Of Quality Audit For The Corruption's Prevention On The Government Audit Institute In Central Java, Indonesia	76
Provita Wijayanti Rustam Hanafi	
Coopetition, Cluster Externalities, and Company Performances: Formation forCompetitiveness of Wood and Rattan Furniture Industry	77
Sri Hartono Agus Sobari	
The Determinants Of Wakif Preferences Toward Money-Cash Waqf	78
Jauhar Faradis	
Default risk on Islamic Banking and Conventional Banking in Indonesia	79
Ibnu Qizam Aris Munandar Abdul Qoyum	

Strategic Human Resources Management In Indonesian Islamic Banking	80
Ruspita Rani Pertiwi	
Effect Of Sukuk Price, Rating Sukuk, Sukuk Yield, Bank Indonesia Certificates Sharia and Gross Domestic Product Against The Demand Of Corporate Sukuk On Capital Market In Indonesia	81
Sunarsih Akhmad Syaifudin	
The Model of Poverty Alleviation by Development ZISWAF Funds Through Community-Based	82
Lailatis Syarifah Rudi	
The Management of Incorporated Wealth of Divorced Couple in Indonesia and Malaysia	83
Ahmad Bunyan Sahib	
Zakah Fund Distribution Model Trough Takaful Institution for The Welfare of The Poor Farmer	84
Misnen Ardiansyah Intan Puspitasari Neneng Ela Fauziyyah Annisa Nur Salam	
Persistent Analysis for Conventional and Sharia Mutual Funds in a Capital Market	85
M. Kurnia Rahman Abadi	

GRAND THEORY MODEL OF STRATEGIC QUALITY: STRATEGIC ASSET APPROACH

Prof. Dr. Widodo. SE. M.Si
e-mail: widodo@unissula.ac.id

Department of Management, Faculty of Economics, Sultan Agung Islamic University (UNISSULA),
Semarang-Indonesia

Abstract

Not all successful organizations with strategies that are owned, meaning that the organization has a strategy, but not many organizations that produce superior performance. The condition relating to the quality of the strategy. There are several approaches to achieve a quality strategy. The first approach through the strategy process. That is the quality of the strategy is a strategy that is built with quality of strategy formulation, strategy implementation quality and quality evaluation of the strategy. The second approach is to create a quality strategy is through the required prerequisites or organisasi should have a strategic asset. Strategic assets are resources and capabilities that have the potential to generate competitive advantage

Based on the integration dimension - the dimension of the resource-based theory (Resource Based Theory) and the management of knowledge, can be prepared a proposition to build the quality of the strategy and the basic theoretical models. The proposition is a professional capabilities exploitation of knowledge. Quality strategies can be realized through the strategic asset approach Exploitability Knowledge. Exploitability Knowledge is the human resource capacity that has the quality of communication, organizational management, information technology backed by active management to accept change and there are new things with the introduction of networking. Professional ability of the exploitation of this knowledge has the potential to realize sustainable competitive advantage

A. Introduction

The basic problem in the strategic management is on how an organization achieves a superior performance and preserves the sustainable competitive advantage (Teece D. J., Pisano G., and Shuen A., 1997). Sustainable competitive advantage appears as one of the most promising theoretical frameworks in the management literature, especially in the strategic management field (Low S. F., 2010; Luis Almeida, 2013). Sustainable competitive advantage becomes very essential and substantial if the market is highly competitive. However, sustainable competitive advantage is not the final destination of various strategic maneuver developed by the organization, as it is only the main tool to achieve the bigger purposes such as the accomplishment and the safety warranty for the sustainability of the long-term performance achievement. Hence, the organization should focus on the strategic management (Ferdinand, 2002).

However, not all organizations are success with their strategies, which mean that those organizations already have strategies but not many of them generate superior performance. Such condition relates with strategic quality (Widodo, 2008). There are some approaches to realize strategic quality. The first approach is through strategic process which means that strategic quality is a strategy which is built through strategic formulation quality, strategic implementation quality, and strategic evaluation quality (Menon, 1999). A good

strategic development process should be started from a basic belief that the strategy should have appropriate strategic content, with high quality of formulation process as well as clarity and firmness of the implementation and evaluation that should be done (Varadarajan J., 1999).

The second approach is through strategic asset. The strategic assets are resource and capability that have potential to generate competitive advantage (Bogaert et al, 1994). On the other hand, Amit & Schoemaker (1993) state that strategic assets are resource and capability which are scarce, uneasily traded, inimitable, durable, and can be used to convert the value become profit. Those strategic assets can be categorized into larger groups, such as financial assets, physical assets, human assets, technological assets, and intangible assets (Grant, 1991). Therefore, the threat faced by the leader should integrate the resource and capability into strategic assets in order to realize the sustainable competitive advantage.

The resource based view emphasizes on knowledge-based resource (Galunic & Rodan, 1998), as knowledge becomes an important component in the new economic arena (Grant, 1996). The emphasis on knowledge triggers the development of Knowledge Management (KM) concept, as the assumption then is that the knowledge resource is important in the production process. KM emphasizes on the organization ability to use and combine various knowledge resources which are able to change the intangible resource into innovation. The study conducted by Hsu Sheng (2007) shows that 80% of respondents agreed that knowledge is strategic asset, while 78% business opportunities failed because of inability to exploit the knowledge in the organization. Then, the study conducted by Leticia Bautista-Frias (2012) explains that knowledge is the most important resource in the competitive advantage, but the relationship between knowledge management and competitive advantage is weak.

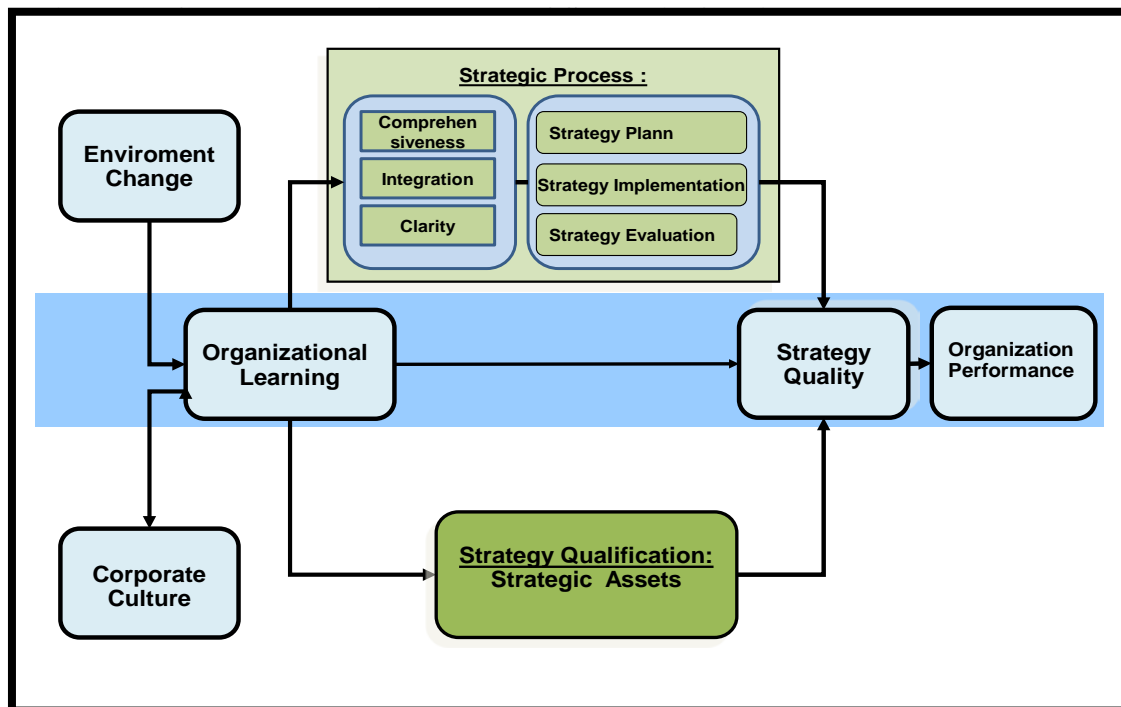
Based on the above explanation, it can be concluded that managing an organization is like managing knowledge, as knowledge will not meaningful if it is only used as information. Conversely, knowledge will be meaningful if it is well-implemented. Thus, it acquires knowledge exploitability.

B. Strategic Quality

The studies conducted by Menon, Bharadwaj and Howell (1996); Ferdinand (2004) explains that the improvement of organizational performance is determined by the strategy used. Strategy is an overall plan which explains the competitive position of an organization (Mintzberg and Quin, 1991). Strategy as a set of methods is used to enhance, produce, and sell actual products and services (Porter, 1996). Organization strategy is a decision pattern dealing with important things used for; (1) being guideline for the organization in facing the environment, (2) affecting the internal matters of the organization either the structure or the process, and (3) affecting the organizational performance (Hambrick, 1990). While strategic quality is a strategy which is built by strategic planning quality, strategic implementation quality, and strategic evaluation quality (Menon, Bharadwaj and Howell, 1996).

Based on the study conducted by Widodo (2008), the conceptual model of strategic quality enhancement comprehensively appears in Figure 1. The environmental changes will lead into organizational culture and organizational learning changes. Organizational learning needs support and should be developed as organizational culture. Organizational learning will be able to recognize 1) strategic asset prerequisite which has potential to enhance the strategic quality, 2) strategic process which covers strategic planning aspect, strategic implementation, and strategic evaluation. A high quality of strategy is reflected in the planning process

quality, implementation process quality, and evaluation process quality. The strategic quality will trigger an improvement on organizational performance.



Source: Widodo (2008)

One focus of the system management concern is on the process management. If strategic development can be considered as a process, then the high quality process should become a mutual concern in the management. It means that process management is expected to be able to serve a high quality process. Therefore, the strategy appears through the high quality process will generate a high quality strategy as well (Ferdinand, 2002). Thus, strategic quality is the comprehensiveness and coherence level among the strategic planning process made by the clarity of strategic implementation process and strategic evaluation process which will be conducted.

C. Strategic Asset

Approaches in strategic management are differentiated into ‘what’ approach and ‘how’ approach (Hendrawan et al, 2003). Besides, according to Miller (1998), strategic management approaches includes ‘content’ and ‘process’. One of the questions in the ‘process’ approach is how a strategy is compiled or stating ‘this is how you do it’. Besides, ‘content’ is what makes the organization succeed or stating ‘this is to be done’. Such condition will lead to strategic asset area.

Strategic asset is potential resource and capability to generate competitive advantage (Bogaert et al, 1994). On the other hand, Amit & Schoemaker (1993) state that strategic asset is resource and capability which is scarce, uneasily sold, inimitable, durable, and can be used to convert value into profit.

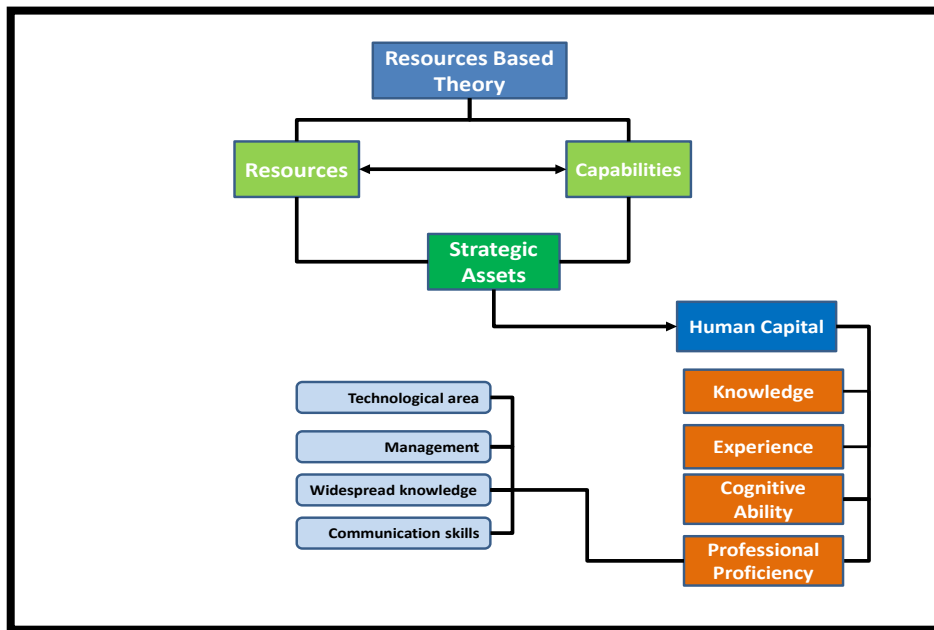
The challenge faced by the leader has relation with strategic asset, which is needed to benefit the company. The main sources which have competitive advantage are strategic asset concept (Amit & Schoemaker, 1991). Therefore, the leader of organization should make

decision on strategic asset enhancement attempts both in the present and in the future. Johnson (1999) explains competence term as strategic asset. Strategic asset has long-term specific and uncertainty characteristics, so the competence should be maintained. Competence (strategic asset) is resource and capability which becomes competitive advantage resource for the organization, more than other competitors (Hitt, Ireland and Hoskinsson, 2001). Not all of the resources and capabilities have potential to be competitive advantage. Some of resources and capabilities may incompetent because they are weaker than their competitors. These strategic assets can be categorized into larger groups, such as financial asset, physical asset, technological asset, intangible asset, and human capital asset (Grant, 1991).

Human capital is Human Resource (HR) characteristic determined by the organization which is used to create value for the organization (Sheng Hsun Hsu, 2007). Therefore, the HR capacity limits the other organization's opportunity. A group of high motivated and skilled people is competitive advantage because it represents a specific resource of organization which is important, scarce, and inimitable. A company with skilled and knowledgeable HR has higher human capital and is more possible to generate knowledge, make right decisions, and has better innovation in technology (Hitt et al, 2001).

However, the problem faced by the company then is on how it can support the HR to contribute their knowledge for the profit of the company. The HR may be reluctant to share their knowledge because they are afraid of losing ownership, important position or superiority. Therefore, for the organization interest, the leader should emphasize on the development of capability and commitment (willingness and desire to contribute for the success of the organization). Thus, human capital should involve the HR competences, such as skill, knowledge, capability as well as commitment, for instance, the willingness to dedicate their life and work for the company (Sheng Hsun Hsu : 2007). The study conducted by Augusto Felício and Eduardo Couto (2014) show that human capital dimension includes: knowledge quality, intensive experience, cognitive ability, and professional ability. The professional ability indicator covers: ability in technology area, communication quality, organizational management, and widespread knowledge. The above explanation about strategic asset then is shown in Figure 2.

Figure 2: Strategic Asset and Human Capital Dimension



Source: Integration of Amit & Schoemaker (1991); Augusto Felício and Eduardo Couto (2014)

D. Knowledge Management

Knowledge management has strategic role and value added as it can stimulate the improvement of organizational effectiveness. Many organizations cannot function as knowledge-based organizations because of their inability in organizational learning process. According to Mohsen Nazari (2011), knowledge has been recognized as essential source to achieve sustainable competitive advantage and the core competence invention value. Knowledge becomes important component in the new economic arena (Grant, 1996).

The knowledge management concept aims to build better organization (Amrous Naila: 2014). The existing literature defines knowledge management as integration and individual coordination as well as organizational management by managing the knowledge organization flow and generating new knowledge (Jeevan Jyoti, 2011). Then, Leticia Bautista-Frias (2012) shows that knowledge management means managing the information flows and get the right information to the people who need it quickly. The study also states that knowledge is the most essential source in the competitive advantage, but the relationship between knowledge management and competitive advantage is weak. Although there has no universally acceptable definition about knowledge management, according to Shin (2004), there are several approaches as listed in Table 1:

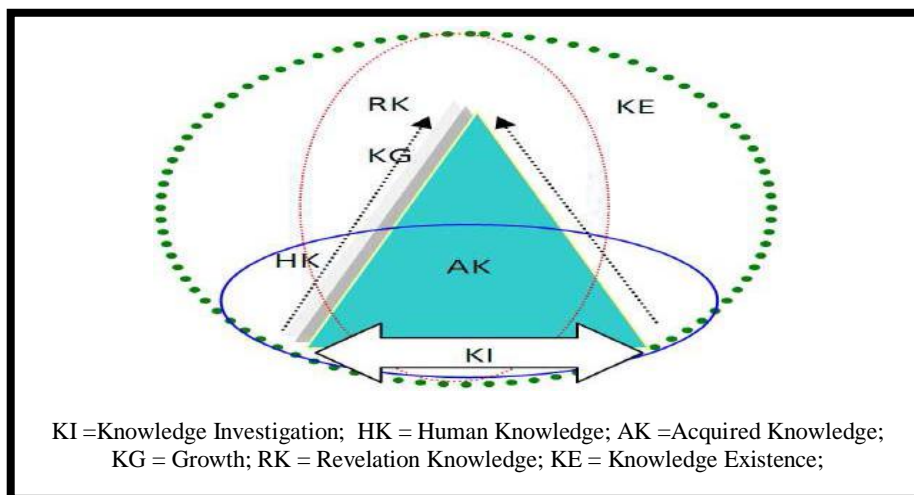
Table 1: Knowledge Management Approaches

No	Approach	Focus
1	Technology	Enhancing the knowledge management quality by providing equipment for the effective knowledge storage and distribution
2	Philosophy	Acquiring higher knowledge understanding by asking questions like ‘we know what we do not know’ to the way of thinking of new development
3	Process	Improving the knowledge management quality by identifying knowledge flow process and management
4	Organizational Learning	Facilitating the knowledge invention and sharing it with the development of positive working environment or the effective rewarding system
5	Intellectual Asset	Improving the knowledge management quality by assessing the knowledge assets in the financial field and it is reflected from the accounting practices

Source: Shin (2004)

In the Islamic perspectives, human are commanded to read as the mechanism of seeking for knowledge (Al Qur’an 96: 1-5). This should be done by the name of Allah, The Creator, The Most Gracious. The command here is not only for collecting knowledge and information, but also for organizing, planning, and managing the knowledge given. The concept of knowledge is illustrated in Figure 3:

Figure 3: Islamic Conceptualization of Knowledge



Source: Muhamadul Bakir Hj. Yaakub (2011)

Figure 3 shows that knowledge comes from Allah and then is transferred to mankind from several channels, such as revelation, intelligence, and intuition which in turn implies that both inductions from observation and deductive intelligence are valid methods for

knowledge acquisition. On the other word, knowledge is an existing phenomenon. Human should explore and investigate it. After having knowledge as information, it will be science for human which then will be applied and taught to other people.

According to Islam, knowledge management comes from a meaning that knowledge is related to belief, so it is part of faith. This is why all Muslims must share the knowledge to grow various knowledge branches and then build an appropriate knowledge management model to help human become the effective knowledge users (Muhamadul Bakir Hj. Yaakub, 2011).

Self-equipment in the form of knowledge is a means to achieve important position. Prophet Muhammad said that: “knowledge puts its application on honor and noble position. Knowledge is a beauty for its experts both in the world and hereafter”. Knowledge becomes light and strength if it is appropriately used (Antonio, 2014). Therefore, knowledge management has become foundation in the organizational strategy. Post-industrial organization is knowledge-based, and their success and survival depends on their creativity, innovation, and findings. The studies of Jeevan Jyoti (2011) and Márcia Zampieri Grohmann (2012) show that knowledge management dimension includes: knowledge sharing, knowledge creation, knowledge protection, and knowledge utilization. Besides, according to Susanne Durst and Ingi Runar Edvardsson (2012), it includes knowledge identification, knowledge creation, knowledge storage/retention, knowledge transfer, and knowledge utilization. Based on the studies of Sangjae Lee, Byung Gon Kim and Hoyal Kim (2011); Tatiana Andreeva and Aino Kianto (2011), the dimension covers acquisition, conversion, application, and protection. Then, based on theoretical dynamics and phenomena in this study, it is summarized into knowledge acquisition, knowledge sharing and knowledge utilization.

Knowledge acquisition aims to give information about how often a company’s knowledge interacts with external environment (Tatiana Andreeva and Aino Kianto, 2011). Then, knowledge sharing means interaction and communication among individuals and business units (Reed, Srinivasan and Doty, 2009). According to Smalla and Sageb (2006), the success of knowledge sharing depends on the interaction quantity and quality among employees as well as ability and willingness in using the knowledge. An organization should support its and the employees’ purposes, then interpret the purposes into technical and promote the employees. The knowledge existing within the individual is difficult to be verbalized, so it needs to be articulated and stated in implicit knowledge print. Based on the above explanation, it can be concluded that knowledge sharing is a behavior of individual to spread the knowledge to the other members within an organization in order to create value added for the company. Therefore, the role of every HR is to share the knowledge in order to increase the benefits, for the best human are those who benefit the other human being.

Knowledge utilization is used to change behaviors or develop new ideas (Márcia Zampieri Grohmann, 2012). Some factors which can influence people to use knowledge are the lack of trust in the knowledge sources, missing opportunities, fear of taking risks and too fast to consider knowledge as unimportant. Yi P. L. (2011) explains that knowledge utilization includes knowledge exploration and knowledge exploitation.

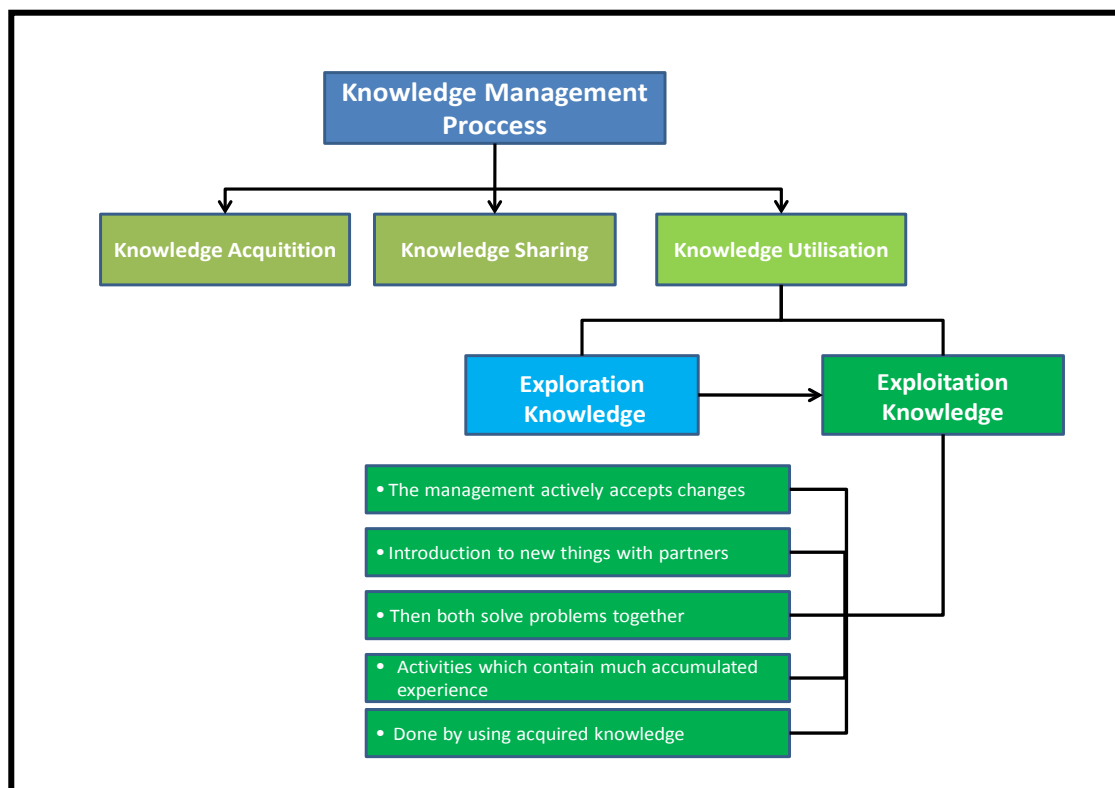
Knowledge exploration starts with seeking, variation, risk taking, experiments and innovation. Those are the steps where new practices are introduced (Paul E., 2009). An organization can support the knowledge exploration by formal and informal meetings as well as interacting and cooperating with other parties to achieve certain goals (Cegarra, 2005). Knowledge exploration is frequently needed to explore new abilities and increase basic knowledge existing in the organization (Ahuja, 2002). Thus, organizational learning is a core

of exploration activities in order to create various experiences dealing with the knowledge exploration. Such exploration activities include seeking for new organizational norms, routines, structures and systems; experimenting with new approaches about technology, business process, or market; innovating and adopting long term orientation; and reconsidering the faith and decision (Tom J. M., 2007). So, exploration is a prerequisite for exploitation, but its benefit also depends on the number of knowledge accumulated and learning through exploitation (routine, such as rules and procedures).

Exploitation basically is a process of acquiring competences by adopting, synthesizing, and applying the existing knowledge. This acquires knowledge which has been generated and internalized to use and create reliability in experience (Weiping Liu, 2006). Exploitation refers to external knowledge implication to repair the existing products within an organization and increase its process (Paul E. Bierly, 2009). It can also be said that exploitation roles as the use or further as the development of the existing competences. The indicators of knowledge exploitation are; the management actively accepts changes, introduction to new things with partners, then both solve problems together, activities which contain much accumulated experience and are done by using acquired knowledge (Tom J. M, 2007).

Based on the above explanation about knowledge management is presented in Figure 4:

Figure 4: Knowledge Management and Dimensional



E. Sustainable Competitive Advantage

In today's competitive and dynamic business environment which has and acquires sustainable competitive advantage has become the basic goal or even philosophy for the organization (Low Swee Foon, 2010). Therefore, for the long term survival, only by ensure the average performance is not enough and becomes an acquired prerequisite for the organization to have sustainable competitive advantage.

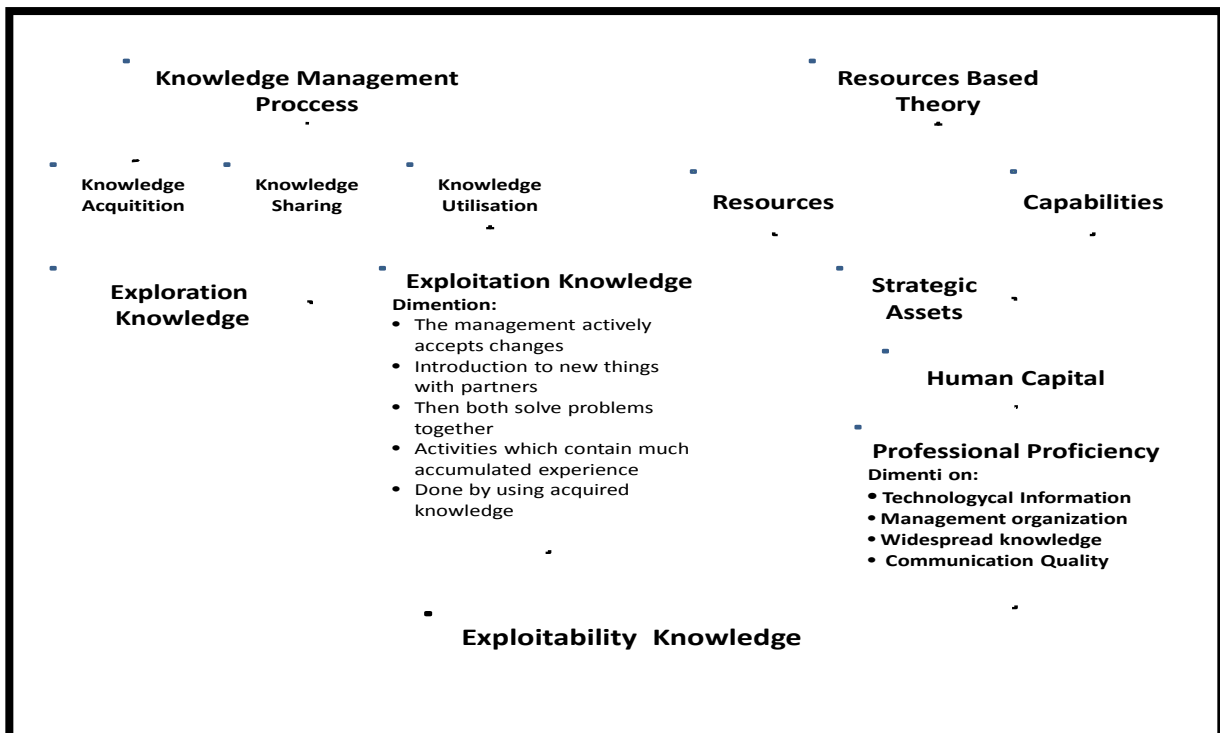
Organization is believed to have obtained sustainable competitive advantage when it is able to create and implement strategies that are not implemented by other organization (Devika Nadarajah, 2014). Based on the in-depth literature review about the development of sustainable competitive advantage concepts, it can be concluded that in the 1990s, Sustainable Competitive Advantage (SCA) concepts from 'resource-based view' and 'intangible resource' became dominant theme. These concepts then were examined by the researchers in order to give detail identification, especially focusing on 'intangible resource' aspect as sustainable competitive advantage, for instance; branding, market orientation, organizational learning, innovation, customer value, marketing relationship, and networks.

Then, in the 21st century, SCA indicators develop into organizational learning, knowledge management, management of information system, technology and innovation, globalization, etc. However, it does not reduce the importance of SCA as one of most essential issues in the strategic management. The literature reviews of strategic management in the 21st century are mainly focused on intangible resource as sustainable competitive advantage source.

F. Basic Theoretical Model

Based on the study of resources based theory as well as comprehensive and in-depth knowledge management, it can be integrated as presented in Figure 5.

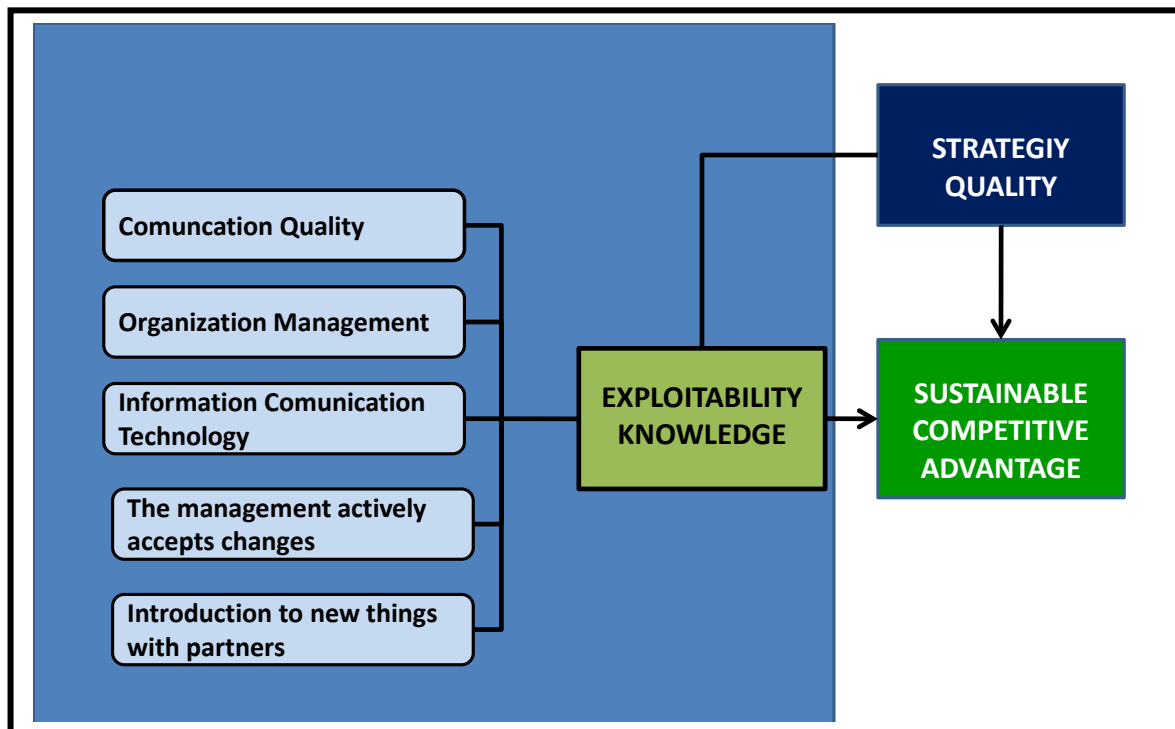
Figure 5: The Integration of Resources Based Theory and Knowledge Management



Then, based on the integration of the dimensions of resources based theory and knowledge management, a proposition can be constructed to build strategic quality and basic theoretical model. The proposition here is the professional ability to exploit knowledge. It is presented in Figure 6.

A strategic quality can be realized through strategic asset approach, that is knowledge exploitability. Knowledge exploitability is an ability of human resources which have communication quality, organizational management, information technology supported by management that actively accepts changes and there is introduction to new things dealing with the network. The professional ability of knowledge exploitation has potential to realize sustainable competitive advantage.

Figure 6: Knowledge Exploitability Proposition



G. Conclusion

Based on the description that have been comprehensively and in-depth explained, to achieve sustainable competitive advantage built by strategic quality through strategic asset approach, it can be concluded as follows:

First, human capital is a strategic asset determined by knowledge and faith, and is used to create value for the organization, so it can lead to the realization of sustainable competitive advantage.

Second, the organizational opportunities fail because it cannot exploit the existing knowledge. Therefore, the management should support the HR to contribute their knowledge for the organizational benefits. For the organizational interests, the leader should emphasize on the development of capability and commitment (the willingness and desire to fully contribute for the success of the organization). Thus, human capital should involve a) HR competences, such as skill, knowledge, and capability; b) commitment, for example the willingness to dedicate their life and work for the organization as part of worship to Allah.

Third, the dynamics of sustainable competitive advantage sources is intangible resources. Therefore, the management should integrate and combine the intangible resources into strategic assets, so the sustainable competitive advantage can be realized. It is not seen from the intangible resource quantity and capability.

Fourth, knowledge exploitability is the ability of HR who has communication quality, organizational management, and information technology supported by management that actively accepts changes and there is introduction to new things dealing with networks. The professional ability of knowledge exploitation has potential to realize the sustainable competitive advantage.

REFERENCES

- Aaker, D.A.1989. Managing Assets and Skills : The Key to a Sustainable Competitive Advantage “, *California Management Review*. 91-106
- Alberto F. De Toni. Fabio Nonino and Matteo Pivetta. 2011. A Model for Assessing the Coherence of Companies’ Knowledge Strategy. *Knowledge Management Research & Practice*. 9. 327–341
- Antonio. M. Syafii. 2014. **Muhammad SAW. The Greatest Inspirator dan Motivator.** Tazkia Publishing.Jakarta
- Ahuja, G. 2002. The duality of collaboration: Inducements and opportunities in the formation of interfirm linkages. *Strategic Management Journal*, 21(3), 317-343.
- Amit, R. and Schomaker. P.J.K. (1993). Strategic Asset and Organizational Rent, *Strategic Management Journal*. 33-46.
- Amrous Naila, Daoudi Najima, Elghomari Khadija, Ettaki Badia.2014. D-Learning Model for Knowledge Management in Enterprise 2.0. *IJAC – Volume 7, Issue 1*
- Barney, Jay. 1991.”Firm Resources and Sustained Competitive Advantage.” *Journal of Management* 17 , 99-120.
- Benjamin A. Campbell . Russel Coff. David Kryscynski. 2012. Rethinking Sustained Competitive Advantage From Human Capital. *Academy of Management Review* , Vol. 37, No. 3, 376–395.
- Chiquan G .2007. Is Sustainable Competitive Advantage an Achievable Holy Grail: The Relevance Gap between Academia and Business *Journal of Business and Management* – Vol. 13, No. 2
- Cegarra-Navarro.2005. An Empirical investigation of organizational learning through Strategic alliances between SMEs. *Journal Of Strategic Marketing* 13 3-16
- _____,and Frank DewhurstInt. Linking organizational learning and customer capital through an ambidexterity context: an empirical investigation in SMEs. *Journal of Human Resource Management* October 2 pg. 1720–1735

- David J. Teece. 2010. Alfred Chandler and “capabilities” theories of strategy and management. *Industrial and Corporate Change*, Volume 19, Number 2, pp. 297–316
- David J. Teece, G. Pisano and A. Shuen, (1997) “Dynamic Capabilities and Strategic Management” *Strategic Management Journal*, Vol 18 (7) 510-533.
- Dong Kyoon Yoo, Mark A. Vonderembse and T.S. Ragu-Nathan. 2010. Knowledge quality: antecedents and consequence in project teams. *Journal of Knowledge Management*. Vol.15. No.2. pp 329-343
- Ferdinand, Augusty .2002a. Kualitas Strategi Pemasaran Sebuah Studi Pendahuluan “ *Jurnal Sain Pemasaran Indonesia*, Vol I, No. 1. pp.107-119:
- , 2002b. Marketing Strategy Making : Proses dan Agenda Penelitian “ *Jurnal sain Pemasaran Indonesia*, Vol I, No. 1. pp.1- 22
- , 2003. Sustainable Competitive Advantage : Sebuah Eksplorasi Model Konseptual, *Research Paper Series*
- Galunic, D. C. & Rodan, S. 2008 Resource Recombination in the firm: knowledge structures and the potential for schumpeterian innovation, *Strategic Management Journal*, 19, pp. 1193–120
- Gautam Ray., Barney J. B. and Waleed A.M. 2004 .” Capabilities, Business Process and Competitive Advantage : Choosing the Dependent Variabel in Empirical Test of the Resources Based –View.” *Strategic Management Journal*.. 25, 23 - 37.
- Grant. Robert M. 1991 “ The Resource-based Theory of Competitive Advantage : Implications for Strategy Formulation “ . *California Management Review*. 33 (3).p.114.
- Hambrick, DC, 1980 ,” Operatinalizing the Concept of Business level Strategy in research, *Academy of Management Review*, 5:., 567-575
- Hendrawan.S.et al. 2003. *Advanced Strategik Management*, PT. Gramedia Pustaka Utama : Jakarta
- Hitt Micahel A. Ireland R. D dan Hoskisson R.E. 2001. *Strategic Management : Competitiveness and Globalization* 4 ‘ Editioin South –western Colege Publising.
- Hsu CI. Carol.M.N. lawler J.J..2007. Toward a Model of Organizational Human Capital Development: Preliminary Evidence from Taiwan . *Asia Pacific Business Review* Vol. 13, No. 2, 251–275, April
- Jason D.S. Tae Young Park. Eugene Kim. 2013. Resource-Based Perspective on Human capital losses, HRM Invesments, and Organizational performance. *Strategic. Management Journal* 34: 572–589

- J. Augusto Feli´cio and Eduardo Couto and Jorge Caiado. 2014. Human capital, social capital and organizational performance. *Management Decision*. Vol. 52 No. 2, 2014. pp. 350-364
- Jeevan Jyoti, Pooja Gupta, Sindhu Kotwal. 2011. Impact of Knowledge Management Practices on Innovative Capacity: A Study of Telecommunication Sector. *Vision*. 15(4) 315–330.
- Johnson, Jean.L. 1999 “. Strategic Integration in Industrial Distribution Channels : Managing the Interfirm Relationship as a Strategic Asset.” *Journal of the of Marketing Science*. Vol.27. (1), 4-18.
- Komache, K. 1996 “. Strategic Human Resources Management Within A Resources Capability View of The Firm “. *Journal of Management Studies*.,212 –233.
- Laura Hills and Alison Maitland. 2013. Research-based knowledge utilization in a community sport evaluation: a case study. *International Journal of Public Sector Management* Vol. 27 No. 2, 201
- Leticia Bautista-Frias, Rosa Maria Romero-Gonzalez and Josefina Morgan-Beltran. 2012. Knowledge Maps in the Conversion of tacit Knowledge as competitive Advantage. *ACR* Vol. 20 (3&4),
- Low Swee Foon. Praveen Balakrishnan Nair. 2010. Revisiting the Concept of Sustainable Competitive Advantage: Perceptions of Managers in Malaysian MNCs. *International Journal of Business and Accountancy*, Vol. 1, No. 1, 63-78,
- Márcia Zampieri Grohmann. 2012. Knowledge management differences between manager and operational levels: study in a brazilian industry. *Pensamiento y gestión*, No. 32.pp 27-53
- Menon A, Bharadwaj S.G, Adidam P, J, Edison S.W; 1999” Antecedents and Consequence of Marketing Strategy Making : Model and Test “. *Journal of Marketing*. Vol 63.p.18-40.
- Menon A, Bharadwaj S.G, and Roy Howell, 1996 ” The Quality and Effectiveness of Marketing Strategy : Effect of functional and disfunctional conflict in intraorganizational relationship“. *Journal of Marketing*. Vol 24. No.4 p.299-313.
- Mohsen Nazari and Mohammad Safari Kahreh. 2011. Presenting frame Work for Evaluating Economics Strategic Knowledge Management : evidences From Iranian Banking Sector. *International Journal of Arts & Sciences* : 4(15):183–199.
- Mokwa .Michael.P dan Noble Charles H. 1999 “. Implementing Marketing Strategies : Developing and Testing a Managerial Theory “. *Journal of Marketing*., 57-73
- Muhamadul Bakir Hj. Yaakub. 2011. Islamic Conceptualisation of Knowledge Management. *American Journal of Economics and Business Administration* 3 (2): 363-369, 2011

- Sangjae Lee, Byung Gon Kim and Hoyal Kim. 2011. An integrated view of knowledge management for performance. *Journal of Management Knowledge*. Vol. 16. No.2.pp.183-200
- Shin, Minsoo. 2004. A framework for evaluating economics of knowledge management systems.Information & Management, *Journal of Knowledge Management* 42 (2004) 179–196.
- Susanne Durst and Ingi Runar Edvardsson. 2012. Knowledge management in SMEs:a literature review. *Journal of Management Knowledge*. Vol. 16. No.2.pp.879-903
- Tatiana Andreeva and Aino Kianto. 2011. Knowledge processes, knowledgeintensity and innovation : a moderated mediation analysis. *Journal of Knowledge Management* Vol. 15 No. 6. pp. 1016-1034
- Tom J. M. Mom, Frans A. J. Van Den Bosch and Henk W. Volberda. 2007. Investigating Managers’ Exploration and Exploitation Activities: The Influence of Top-Down, Bottom-Up, and Horizontal Knowledge Inflow. *Journal of Management Studies*. 44:6
- Varadarajan.P.Rajan dan Jayachandran .S. 1999 ”. Marketing Strategy : An Assesment of the State of the Field and Outlook. *Journal of the Academy of Marketing Science*. 120-143
- 1999 “ Strategy Content and Process Perspectives Revisited. “ *Journal of the Academy of marketing Science*, .88-100.
- Wheelen .T.L. Hunger.J.D 2003. *Strategic Management* 5 Edition. Addison- Wesley Publishing Company, Inc.
- Yi-Pei Li. Yuh-Yuan Tsai. 2011. Knowledge Resources Produk Inovation performance and the mediating Role of Knowledge Utilization Capability . *Northeast Decision Sciences Institute Proceedings*
- Widodo. 2007. *Upaya Peningkatan Kinerja Organisasi Melalui Pengembangan Kualitas Strategi, Studi Empiris BPR di Provinsi Jawa Tengah*. Disertasi. Universitas Diponegoro. Semarang.
- _____. 2008. *Model Kualitas Perencanaan Strategi BPR di Provinsi Jawa Tengah*. Hibah Bersaing. Ditlitabmas. Dirjen Dikti Kementrian Pendidikan dan Kebudayaan. Jakarta.
- _____.2009. Pengembangan Implementasi Strategi, Penelitian atas Pola Kerja Cerdas dan Koordinasi untuk meningkatkan kinerja organisasi BPR di Provinsi Jawa Tengah. *Jurnal Integritas Prasetya Mulya Jakarta, Terakreditasi Dikti*. Vol.2(1) 125-145.

- _____.2010. *Model Pengembangan Implementasi Strategi BPR di Provinsi Jawa Tengah Lanjutan* . Hibah Fundamental. Ditlitabmas. Dirjen Dikti Kementerian Pendidikan dan Kebudayaan. Jakarta.
- _____.2011. Model Pengembangan Evaluasi Strategi BPR di Provinsi Jawa Tengah . *Jurnal Dinamika Sosial Ekonomi*, Kopertis Wilayah VI Jawa Tengah. Vol.7.(2) 113-133
- _____. Peningkatan Kinerja Organisasi Melalui Perencanaan Strategi BPR di Provinsi Jawa Tengah. *Jurnal Siasat Bisnis. Terakreditasi Dikti*. Fakultas Ekonomi UII Yogyakarta. Volume 15. (1) 11 83-97.
- _____.2014. Pengembangan Knowledge Strategy Berbasis kapasitas Wirausaha menuju keunggulan Bersaing Berkelanjutan. Hibah Kompetensi. Ditlitabmas. Dirjen Dikti Kementerian Pendidikan dan Kebudayaan. Jakarta.
- Wei Ping Liu. 2006.Knowledge Exploitation, Knowledge Exploration, and Competency Trap. *Knowledge and Process Management* Volume 13 Number 3 pp 144–161 (2006)
- Yeung, P. and Lau, C. 2011. Competitive Actions and Firm Performance of Hotel in Hong Kong.*Hospitality Management*, 24: 611-633.