



Strengthening the Competitive Image of Private Islamic Higher Educational Institutions in Indonesia as an Effective Marketing Material: The Mediating Role of Service Innovation

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ABSTRACT

Intense competition among higher educational institutions for attracting prospective students has been occurring for a long time. This study aims to utilize service innovation to strengthen the impact of effective leaders and employees' engagement on competitive image to address a highly competitive market for recruiting prospective students. A survey using multistage and easy random sampling methods was conducted to gather respondents, proceeded by data processing using SPSS and Amos program. A questionnaire was distributed via a Google link to the leaders of private Islamic higher educational institutions in Indonesia. The study's findings reveal that service innovation strengthens effective leaders and employees' engagement on their competitive image. Service innovation, along with active leadership and employees' engagement, are able to enhance a competitive image that serves as excellent marketing material for recruiting prospective students. Based on the theory of resource-based approach, all of the constructs used were able to theoretically demonstrate the function of institutional resources in competition. To improve their competitive image, higher educational institutions must be equipped by effective leaders who can motivate lecturers and academic staffs to actively generate and evaluate ideas for new services, establish strategic goals and priorities, and adequately represent teamwork and other strategic initiatives.

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I. INTRODUCTION

High competition among higher educational institutions in recruiting prospective students has been occurring globally for a long time. In 2006, Brown and Oplatka conducted a study that revealed this phenomenon. Previously, Arnaboldi and Azzone (2005) found that state higher educational institutions face competition when the government reduces budget aid to enhance their performance and productivity. Since 2007, the global free market has also been the main cause of this competition. As a result, both state and private higher educational institutions compete not only domestically, but also internationally (Tam, 2007). Lately, Easa and Bazzi (2020) stated that the cause of the competition is the increasing number of higher educational institutions. Nowadays, private Islamic higher educational institutions in Indonesia are facing a more difficult situation, as an increase in the number of these institutions has led to a decrease in prospective students (Riofita & Dimasadra, 2022).

Recently, private Islamic higher educational institutions require effective marketing materials to recruit prospective students in a highly competitive market (Riofita, 2022). Competitive images are one of the effective marketing materials that characterize the uniqueness of the institution's academic study programs, facilities, and marketing strategy. These materials are built to represent the accumulation of beliefs, attitudes, experiences, impressions, and general information that are considered useful for prospective students (Fazly-Salehi et al., 2019). In this case, uniqueness is a type of competitive advantage that usually sets a higher educational institution apart from its competitors. Through the competitive advantage, prospective students can obtain the overview about the strengths of the institution they want to enroll, either regarding its academic programs or physical and social environment that can impact their psychology (Riofita & Dimasadra, 2022). Moreover, through the competitive advantage, prospective students can evaluate the general quality of certain institution. Therefore, the competitive advantage establishes a competitive image that can entice prospective students to enroll.

The need for a competitive image as marketing material must encourage private Islamic higher educational institutions to enhance it intensively and in a planned manner. Numerous previous studies had developed a variety of predictors for image enhancement. However, the predictors proposed were more focused on external customers' interests, such as service quality

(Riofita & Iqbal, 2022), customers' satisfaction (Khawaja et al., 2021), customers' loyalty (Saleem & Raja, 2014), customers' trust (Sultan & Wong, 2018), customers' value (Rachmawati et al., 2021), customers' perceived quality (Alhaddad, 2015), words of mouth (Cham et al., 2016), awareness (Khan & Jalees, 2016), and customers' relations (Rachmawati et al., 2021). In contrast, only a few studies had developed predictors focusing on organizational human resources or internal customers' interests (Zameer et al., 2018). These include the leaders who manage the organization (Kalkan et al., 2020; Palanski et al., 2015; Somani & Krishnan, 2004), as well as the employees who run the organization's technical operations (Zameer et al., 2018). According to Penrose (2009), human resources serve as the institutional assets that offer a competitive edge in enhancing the organization's reputation. In this regard, private Islamic higher educational institutions must empower human resources to develop their competitive image (Riofita & Iqbal, 2023). For this reason, effective leaders and employees' involvement within these institutions are the key elements to enhance the competitive image beyond expectations (Somani & Krishnan, 2004).

Regarding the efforts to investigate leaders as the predictors of competitive image, the previous studies had not yet provided conclusive results. Although Palanski et al. (2015) and Somani and Krishnan (2004) demonstrated the impact of leaders on competitive image, Kalkan et al.'s (2020) study failed to corroborate this notion. However, several other studies were conducted to address this gap by employing intervening variables on the impact, such as employees' brand-building behavior (Lishan & Yaoqi, 2011), ethical climate (Yasin, 2020), green practices (Khan et al., 2018), and organizational commitment (Floresca, 2016). However, the results are still not satisfactory. The different leadership styles adopted by different leaders have the potential to inconsistently affect the competitive image (Kalkan et al., 2020). Kalkan et al. (2020) suggested that employing a mediator can generate more holistic results regarding the impact of the leaders on the competitive image.

Higher educational institutions necessitate the incorporation of service innovation to ensure their sustainability, which involves adapting to the current needs of stakeholders, particularly prospective students. Ignoring the service innovation will lead to a failure to attract the prospective students to join (Pérez & Torres, 2017; Hardiyati & Purwaningsih, 2023).

However, service innovation necessitates the leaders who are capable to foster enthusiasm and exceed expectations in order to establish a competitive image. This implies that service innovation strengthens the leaders' ability to work effectively, which is also means the competitive image is not dependent on leadership styles, but rather on the leaders' effectiveness (Somani & Krishnan, 2004). Therefore, service innovation empowers effective leaders to create radical changes, enabling them to establish a competitive image that rivals lack. Based on this notion, this study considers the necessity to employ service innovation to strengthen the impact of effective leaders on competitive image, as intended by Kalkan et al. (2020).

Employees' involvement plays a significant role in enhancing competitive image, as stated by Zameer et al. (2018). However, several other studies had revealed that the impact is still low (Sanli & Arabaci, 2017). Although lecturers and education staffs have worked hard during their daily tasks, their performances are still not considered strong enough to enhance the competitive image (Borman & Dowling, 2008). In turns, this gap can potentially decrease the value of the competitive image desired (Kalkan et al., 2020). Therefore, maintaining employees' involvement is crucial for enhancing the competitive image. Engen et al. (2021) proposed that this can be achieved by encouraging the employees to incorporate service innovation in their jobs, meaning that they can enhance their competitive image by implementing service innovation in their daily tasks (Chillakuri & Vanka, 2020; Kalkan et al., 2020). According to Song et al. (2019), service innovation has several advantages: serves as a magic formula for enhancement, free from errors, always delivers on promises, and unmatched by competitors. Therefore, this study also considers the necessity to employ service innovation to strengthen the impact of employees' involvement on competitive image.

The aforementioned discussions imply that private Islamic higher educational institutions must leverage service innovation to enhance the impact of both their leaders' effectiveness and their employees' involvement on the competitive image (Koskela & Sitoppi, 2019). Therefore, this study is conducted by using service innovation as a response to a fiercely competitive market for student recruitment. This study aims to demonstrate how service innovation, coupled with effective leadership and employees' involvement, can create a competitive image that serves as

effective marketing material for attracting prospective students. All employed constructs can demonstrate the role of institutional resources in competitiveness, as envisioned by the resource-based view theory. Furthermore, this study also aims to provide conclusive results concerning the impact of both effective leadership and employees' involvement on competitive image, through the mediating role of service innovation.

II. ANALYTICAL FRAMEWORK

A. Competitive Image

Since this study aims to investigate how to enhance the competitive image for recruiting prospective students, the competitive image for marketing purposes is defined as the collection of beliefs, attitudes, experiences, impressions, and general information that describe the competitive advantages to attract prospective students (Fazly-Salehi et al., 2019). To build the competitive image, private Islamic higher educational institutions must pay attention to the following indicators seek by prospective students: academic activities, study programs, facilities, and marketing strategy (Ivy, 2001). Therefore, private Islamic higher educational institutions must empower all of their human resources, including leaders and employees, such as lecturers and academic staff (Riofita & Dimasadra, 2023). Through the excellent human resources, these institutions are able to respond to the needs of prospective student (Somani & Krishnan, 2004). Given that maintaining a competitive image necessitates a high-quality strategy, this study integrates the responses into a comprehensive marketing strategy. Effective leadership, employees' involvement, and service innovation are used to predict the enhancement of the competitive image. This study also assesses the ability of service innovation to mediate the impact of effective leadership and employees' involvement on competitive image.

B. Service Innovation

This study defines service innovation as the process of developing private Islamic higher educational institutions to establish a competitive image by incorporating new values, benefits, and experiences that entice prospective students to consider joining (Berry et al., 2006). Thus, based on this definition, these institutions are required to concentrate on enhancing their service innovation indicators, as identified by Manohar (2021), which include product innovation, peripheral product innovation, process innovation, organization innovation, strategic innovation, and marketing

innovation. This will drive service innovation to play an important role in enhancing the competitive image (Davis et al., 2000), since it can create uniqueness that provides a competitive advantage (Koufteros et al., 2002). However, there are still few studies discussing the impact of service innovation on competitive image (Calabrese et al., 2018). Following Carvalho & Goodyear's (2018) suggestion to conduct additional investigations to prove the impact, this study will provide results that enrich the insights regarding this impact (Dent et al., 2019). Thus, the proposed hypothesis is formulated as follows:

H1: Service innovation significantly affects competitive image.

C. Effective Leaders

Effective leaders are those in private Islamic higher educational institutions who organize lecturers and academic staff to enhance their competitive image through interaction, motivation, and synergy. These leaders also aim to influence and encourage their employees' behaviors, beliefs, and attitudes in an effective manner to realize performance enhancement (Pandia et al., 2023; Aksal, 2015). Smaltz et al. (2006) identified three key indicators of an effective leader: strategic leadership, strategic business planning, and visionary leadership. Therefore, the effective leaders must be the qualified figures who possess talent, experience, and strong vision and mission to win the competition. Private Islamic higher educational institutions require effective leaders, since enhancing a competitive image requires innovation, restructuring, efforts, and reliable performance. Therefore, effective leaders serve as agents of change in a highly competitive environment for realizing such improvements. The findings of Kalkan et al. (2020) support this condition, revealing that effective leaders must support the enhancement of the competitive image. Thus, the proposed hypothesis is formulated as follows:

H2: Effective leaders significantly affect competitive image.

Effective leaders are very influential in strategic decisions made by private Islamic higher educational institutions. Effective leaders have the capability to make changes to improve higher education's competitiveness (Edvardsson et al., 2018). Therefore, effective leaders are believed to have the capability to realize the service innovation required to increase competitiveness. Having an effective leader is crucial for implementing changes related to service

innovation. In other words, the effective leaders play an important role in implementing the service innovation. The findings of Ahmed et al. (2018) support this idea, revealing that effective leaders determine the success of service innovation. Thus, the proposed hypothesis is formulated as follows:

H3: Effective leaders significantly affect service innovation.

Effective leaders require good teamwork to enhance the competitive image of private Islamic higher educational institutions. This means they must encourage lecturers and academic staffs to achieve this purpose together. Thus, in practice, the leaders must be capable to mobilize the lecturers and academic staffs, as well as inspire them, to believe in their talents, extraordinary strengths, and radical vision, thereby enhancing their competitive image. Moreover, effective leaders must serve as the sources of inspiration for the lecturers and academic staff so as to facilitate such enhancements (Yen et al., 2022). To motivate the lecturers and academic staff, effective leaders must provide their work needs. Providing these needs is believed to increase their involvement, thereby enhancing their competitive image (Chillakuri & Vanka, 2020). In other words, by providing these needs, effective leaders can encourage employees' involvement and enhance their reputation through their work. This aligns with the findings of Ahmed et al. (2018), which demonstrated that effective leaders significantly influence employees' involvement. The effective leaders who can positively influence their employees are those who possess strong leadership. Thus, the proposed hypothesis is formulated as follows:

H4: Effective leaders significantly affect employees' involvement.

D. Employees' Involvement

Employees' involvement is the commitment of lecturers and academic staffs to enhance their competitive image through their daily tasks (Somani & Krishnan, 2004), both efficiently and productively (Ramsey et al., 1995). According to Ordanini & Parasuraman (2011), the indicators of employees' involvement include active generation and screening of ideas for new services, active establishment of goals and priorities for strategies, and adequate representation of teamwork and other strategic activities. Realizing their involvement involves making work a life interest and boosting self-esteem. This condition is believed to encourage them to improve their performance to enhance their competitive image (Zameer et al., 2018). In other words, private

Islamic higher educational institutions must involve lecturers and academic staffs to enhance their own daily performances, since they are at the forefront of improving the competitive image of the institutions. Their involvement plays a crucial role to achieve this purpose (Batool et al, 2022). This notion aligns with the findings of Zameer et al. (2018), which indicated that employees' involvement plays a significant role in enhancing competitive image. Thus, the proposed hypothesis is formulated as follows:

H5: Employees' involvement significantly affects competitive image.

Service innovation is crucial for private Islamic higher educational institutions to gain a competitive edge in recruiting prospective students. However, many empirical studies had revealed the failure of service innovation to do so. Cadwallader et al. (2010) stated that to excellently carry out the service innovation, the institutions should not only focus on management, environment, and competitors, but also on employees' involvement (Engen et al., 2021; Aminullah et al., 2020). Implementing service innovation requires not only reliance on technology and financial resources, but also employees' involvement to ensure its success. Doing service innovation without employees' involvement only wastes time and money. For this reason, private Islamic higher educational institutions should involve their lecturers and academic staff to demonstrate the excellent service innovation. This notion is supported by the findings of Mennens et al. (2018), which indicated that successful service innovation necessitates employees' involvement. Thus, the proposed hypothesis is formulated as follows:

H6: Employees' involvement significantly affects service innovation.

E. The Mediating Role of Service Innovation

Private Islamic higher educational institutions require a competitive image as marketing material to attract prospective students to join. To enhance their competitive image, these institutions should leverage the resources and capabilities they already have (Hamel & Prahalad, 1994). Effective leaders possess the resources and capabilities necessary for enhancement (Karim & Mitchell, 2000). However, previous studies' results concerning the impact of the effective leaders on competitive image are still inconclusive (Kalkan et al., 2020; Palanski et al., 2015; Somani & Krishnan, 2004; Kalkan et al., 2020). The competitive image as marketing material must be tailored accordingly in recruiting prospective

students (Pérez & Torres, 2017), such as by strengthening the impact of the effective leaders on the competitive image. The adoption of service innovation is considered appropriate to strengthen the impact since it can encourage the effective leaders to be the agent of change in a competitive environment. According to Preston et al. (2010), service innovation can motivate effective leaders to undertake restructuring efforts and deliver reliable performance, thereby enhancing their competitive image. Therefore, service innovation serves as a mediator, enhancing the impact of effective leaders on the competitive image. Thus, the proposed hypothesis is formulated as follows:

H7: Service innovation mediates the impact of effective leaders' on competitive image.

Enhancing the competitive image of private Islamic higher educational institutions requires the involvement of lecturers and academic staff. They play a crucial role in providing services and encouraging positive feedback from customers, thus directly contributing to the performance enhancement (Zameer et al., 2018). However, several previous studies revealed that the employees' involvement itself is not strong enough to enhance the competitive image (Sanli & Arabaci, 2017). Kalkan et al. (2020) proposed that employees are required to enhance their competitive image by incorporating service innovation in their work. Put simply, they need to tailor the service innovation to their daily tasks. Thus, the proposed hypothesis is formulated as follows:

H8: Service innovation mediates the impact of employees' involvement on competitive image.

The aforementioned literature review and the hypothesis development show that this study uses effective leadership based on three indicators suggested by Smaltz et al. (2006), namely strategic leader, strategic business planner, and visionary. This approach is chosen to change the competitive image based on four indicators stated by Ivy (2001): academics, study programs, facilities, and marketing. In addition, this study also utilizes three indicators adopted from Ordanini & Parasuraman (2011), which support employees' involvement. These indicators are 1) being proactive in generating and screening ideas for new services, 2) actively setting goals and priorities for strategies, and 3) effectively representing teamwork and other strategic activities to enhance the competitive image. Given that previous studies still had yielded inconclusive results regarding the impact of effective leaders and employees' involvement on competitive

image, this study utilizes seven specific indicators suggested by Manohar (2021), namely product innovation, peripheral product innovation, process innovation, peripheral process innovation, organization innovation, strategic innovation, and marketing innovation, as mediators to enhance the relationships between these constructs. Therefore, the conceptual framework of this study is developed as follows:

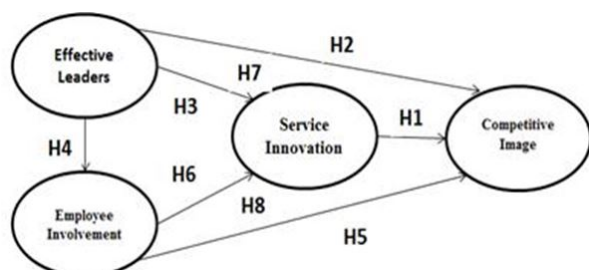


Figure 1. The conceptual framework

III. METHODOLOGY

This study employed a survey-based approach. The respondents represent the leaders who organize private Islamic higher educational institutions in Indonesia. A multistage sampling was applied, since the institutions comprise three accreditation levels: A, B, and C. As many as 30 institutions were then selected randomly from each level, resulting in a total number of 90 institutions. Three representatives from each institution served as the respondents for this study. This arrangement implied that as many as 270 respondents were expected to be involved. However, among the 268 respondents who participated in this study, only 265 were considered valid or qualified as the verifiable research data. Since this study utilized SPSS and Amos program for data processing, the actual total number of the respondents greatly exceeded the number required, namely 5 x indicators, or 5 x 17 = 85 respondents (Hair et al., 2017).

Reliability analysis of the hypothetical model was conducted based on the coefficients of Cronbach's alpha. According to Kline (1998), the coefficients of around 0.9 are considered excellent, around 0.8 are very good, around 0.6 to 0.7 are adequate, and below 0.5 are unreliable. The construct's validity was determined using confirmatory factor analysis, namely factor loadings, average variance extracted (AVE), and composite reliability (CR). The construct is declared valid if the values of factor loadings and AVE are at least 0.5, and the value of CR is at least 0.7.

The proposed model for this study also needs to meet certain goodness of fit criteria, such as a Chi-

Square (CMIN/df) value of 1 to 3, a Probability (P) value of 0.05 or more, an RMSEA value of 0.08, an Incremental Fix Index (IFI) value of 0.90 or more, a Goodness of Fit Index (GFI) value of 0.90 or more, a Comparative Fix Index (CFI) value of 0.95 or more, and a Tucker-Lewis Index (TLI) value of 0.95.

Meanwhile, the results of the hypothesis test were derived from the structural model analysis. The condition to support the hypotheses proposed is that the P value must be below 0.05 ($P \leq 0.05$). Finally, a mediation test was conducted using the Sobel test, which is based on the regression coefficients at a significance level of 0.05 or 5%, with the critical Z value or mediation value of 1.96 (Hair et al., 2017).

For data collection, this study used a questionnaire containing closed questions sent via a Google form link to the respondents. The answers used a Likert scale in the range of 1 to 5, where 1 represents strongly disagreeing, and 5 represents strongly agreeing. Each variable's indicators form the foundation of the questionnaire. The effective leaders variable comprises three indicators suggested by Smaltz et al. (2006), namely strategic leader, strategic business planner, and the visionary. The employees' involvement variable comprises three indicators suggested by Ordanini & Parasuraman (2011), namely active in generating and screening ideas for new services, active in establishing goals and priorities for strategies, and adequate in representing teamwork and other strategic activities. The service innovation variable comprises seven indicators suggested by Manohar (2021), namely product innovation, peripheral product innovation, process innovation, peripheral process innovation, organization innovation, strategic innovation, and marketing innovation. Finally, the competitive image variable comprises four indicators suggested by Ivy (2001), namely academics, study programs, facilities, and marketing.

IV. RESULTS

As many as 268 respondents had participated in this study, but at the end, only 265 responses were declared valid or qualified as the verifiable research data. Since this study used SPSS and Amos program for data processing, the actual total number of the respondents greatly exceeded the number required, namely 5 x indicators or 5 x 17 = 85 respondents (Hair et al., 2017).

Based on the accreditation level of institutions, 92 or 34.6% of respondents are from institutions accredited A, 95 or 35.7% are from the institutions

accredited B, and 78 or 29.7% are from the institutions accredited C (Table 1). Based on the form of institutions, 34 or 13% of respondents are from universities, 45 or 17 % are from institutes, and 186 or 70% are from colleges (Table 2). Based on the gender, 166 or 63% of respondents are males, and the rests of them (99 or 37%) are females (Table 3).

As seen in Table 4, the coefficients of Cronbach’s alpha vary from 0.821 to 0.867, showing that the hypothetical model has produced good reliability. Meanwhile, the values of factor loadings vary from 0.591 to 0.874, the AVE varies from 0.536 to 0.700, and the CR varies from 0.830 to 0.894. Therefore, all of the constructs’ validity are declared satisfied.

The analysis results show that the proposed model has produced the values of Chi-Square (CMIN/df): 1.899; Probability: 0.000; RMSEA: 0.058, IFI: 0.964, GFI: 0.915, CFI: 0.964, and TLI: 0.955. Although probability is marginal, the

Table 4. Constructs’ Validity

Variables and Indicators	Factor Loadings	AVE	Cronbach’s Alpha	CR
Effective Leaders		0.700	0.867	0.894
EL1	0.874			
EL2	0.857			
EL3	0.845			
Employees’ Involvement		0.620	0.821	0.830
EE1	0.725			
EE2	0.819			
EE3	0.815			

As seen in Table 5, on the first hypothesis (H1), the P value is significantly below 0.05 at the standard estimation of 0.102, thus supporting this hypothesis that service innovation significantly affects competitive image. Next, effective leaders significantly influence competitive image (H2), as evidenced by the P value of 0.004 (less than 0.05) at the standard estimate of 0.066. On the third hypothesis (H3), the P value is 0.350 (≥ 0.05) at the standard estimate of 0.066. Therefore, the hypothesis stating that effective leaders affect service innovation significantly is not supported. Next, on the fourth hypothesis (H4), the P value is significantly below 0.05 at a standard estimate of

proposed model, according to Hair et al. (2017), is declared acceptable since many other criteria of the goodness of fit meet the critical values.

Table 1. Accreditation Level of Respondents’ Institutions

Accreditation Institution	Level of	Amount	Percentage
A		92	34.6%
B		95	35.7%
C		78	29.7%
Total		265	100%

Table 2. Form of Respondents’ Institutions

Form of Institution	Amount	Percentage
University	34	13%
Institute	45	17%
College	186	70%
Total	265	100%

Table 3. Gender of Respondents

Gender of Respondents	Amount	Percentage
Male	166	63%
Female	99	37%
Total	265	100%

Service Innovation	0.536	0.884	0.884
SI1	0.591		
SI2	0.737		
SI3	0.756		
SI4	0.845		
SI5	0.767		
SI6	0.658		
SI7	0.682		
Competitive Image	0.623	0.867	0.859
II1	0.741		
II2	0.852		
II3	0.734		
II4	0.776		

0.053. This indicates a strong support for this hypothesis, which asserts that effective leaders significantly affect employees’ involvement. The fifth hypothesis (H5) demonstrates the P value of 0.028 (less than 0.05) at the standard estimate of 0.137, thereby providing strong support for this hypothesis that employees’ involvement significantly influences competitive image. Finally, the impact of employees’ involvement on service innovation shows the P value significantly below 0.05 at the standard estimate of 0.101. Therefore, there is very significant support for the sixth hypothesis (H6).

Table 5. Structural Model Analysis Results

Relationship between Variables	Standard Estimate	P-Value	Conclusion
Service Innovation and Competitive Image (H1)	0.102	***	Supported
Effective Leaders and Competitive Image (H2)	0.066	0.004	Supported
Effective Leaders and Service Innovation (H3)	0.066	0.350	Not supported
Effective Leaders and Employees' Involvement (H4)	0.053	***	Supported
Employees' Involvement and Competitive Image (H5)	0.137	0.028	Supported
Employees' Involvement and Service Innovation (H6)	0.101	***	Supported

Note: *** means P-value is significantly below 0.05

Table 6. Mediation Test Results

Mediation Relationship	Variable	Variable Relationship	Regression Coefficient	Standard Error	Z Value (Mediation Value)	Conclusion
Effective Leaders → Service Innovation → Competitive Image (H7)		Effective Leaders → Competitive Image	0.711	0.074	6.725	Significant
		Service Innovation → Competitive Image	0.339	0.036		
Employees' Involvement → Service Innovation → Competitive Image (H8)		Employees' Involvement → Competitive Image	0.914	0.078	5.994	Significant
		Service Innovation → Competitive Image	0.293	0.042		

Note: significance level of 0.05 or 5

As displayed in Table 6, the regression coefficient of effective leaders on competitive image is 0.711, at a standard error value of 0.074 and a significance value of 0.000. Meanwhile, when mediating the impact of effective leaders on competitive image, the regression coefficient of service innovation on competitive image is 0.039, at a standard error value of 0.036 and a significance value of 0.000. The results of Sobel test show that at a significance level of 0.05 or 5%, the Z value, namely the mediation value of service innovation on the impact of effective leaders on competitive image, is 6.725, which is higher than the critical value of 1.96. This means service innovation significantly mediates the impact of effective leaders on competitive image. Therefore, this result significantly supports the seventh hypothesis (H7), which states that service innovation mediates the impact of effective leaders on competitive image.

The regression coefficient of employees' involvement on competitive image is 0.914, at a standard error value of 0.078 and a significance value of 0.000. Meanwhile, when mediating the impact of employees' involvement on competitive image, the regression coefficient of

service innovation on competitive image is 0.293, at a standard error value of 0.042 and a significance value of 0.000. The results of Sobel test shows that at a significance level of 0.05 or 5%, the Z value, namely the mediation value of service innovation on the impact of employees' involvement on competitive image, is 5.994, which is higher than the critical value of 1.96. This means service innovation significantly mediates the impact of employees' involvement on competitive image. Therefore, this result highly supports the eighth hypothesis (H8), which states that service innovation mediates the impact of employees' involvement on competitive image.

V. DISCUSSION

This study's findings have demonstrated that service innovation implemented in academics, study programs, facilities, and marketing can strengthen the competitive image of private Islamic higher educational institutions. This also signifies that the service innovation can serve as the antecedent of the competitive image of these institutions, as indicated by Carvalho &

Goodyear (2018), and can provide useful reference for future studies, as desired by Calabrese et al. (2018). This finding also aligns with those of Ryu and Han (2010) concerning the tourism industry, Jin et al. (2013) about the restaurant industry, and Srejesh and Mitra (2015) regarding the hotel industry, all of which explored the impact of service innovation on industrial image. Thus, in this regard, to compete with other service industries, private Islamic higher educational institutions must enhance their competitive image through service innovation. The findings confirm that service innovation, as revealed by Davis et al. (2000), is a requirement to enhance the competitive image, as it can create a unique competitive image that competitors lack (Koufteros et al., 2012).

Effective leaders are crucial for enhancing the competitive image of private Islamic higher educational institutions in a highly competitive environment (Somani & Krishnan, 2004). Effective leaders enable private higher educational institutions to establish a competitive image, thereby ensuring the survival of these institutions in a sustainable manner (Kalkan et al., 2020). For this reason, private Islamic higher educational institutions require effective leaders that are capable as strategic leaders, strategic business planners, and visionaries. This finding aligns with that of Kalkan et al. (2020), indicating that effective leaders are essential for enhancing the competitive image. To achieve this valuable goal, effective leaders must act as change agents that demonstrate radical, innovative, and reliable performance.

Effective leaders cannot realize the service innovation that higher education institutions focus on, which includes product innovation, peripheral product innovation, process innovation, organization innovation, strategic innovation, and marketing innovation (Manohar, 2021). In his regard, this study's finding does not align with that of Ahmed et al. (2018), which suggested that effective leaders influence service innovation. Therefore, based on this study's findings, the leaders of private higher educational institutions must be capable to transform the traditional higher education business model into a service-oriented business that meets the nowadays needs of prospective students. Additionally, the institutions' vision and mission must strengthen the concept of service innovation to enhance their competitive advantage. Since service innovation can transform many aspects, effective leaders should be able to anticipate the risks of failures (Ahmed et al., 2018). To take

anticipatory measures concerning this issue, the leaders and academic staffs must work transparently, openly, and increase the exchange of ideas among them.

The effective leaders of private Islamic higher educational institutions require the involvement of lecturers and academic staffs to implement service innovation so as to enhance competitive image. The effective leaders are those who transform ideas, needs, values, preferences, and aspirations into the employees' practical works (Yen et al., 2022; Edvardsson et al., 2018). To strengthen the employees' involvement, the effective leaders must provide emotional and motivational touch, articulate the mission clearly, and increase their self-esteem, confidence, and trust. By providing such reinforcement, effective leaders can influence lecturers and academic staff to perform beyond expectations. The findings of this study validate this argument, as well as confirm the findings of Ahmed et al. (2018), revealing that effective leaders influence employees' involvement.

Private Islamic higher educational institutions require employees' involvement to enhance their competitive image. Even in the service industry, employees' involvement plays an important role since they are the ones who interact directly with customers. The initiatives they deliver for operational success are the manifestation of their concern for the institutions. They can enhance the competitive image by achieving a positive customers' response through their initiatives. In this study, lecturers and academic staffs demonstrated their involvement by actively generating and screening ideas for new services, actively setting strategic goals and priorities, and effectively representing teamwork and strategic activities (Ordanini & Parasuraman, 2011). Through these manifestations, this study's finding confirms that of Zameer et al. (2018), which suggested that employees' involvement plays a crucial role in enhancing competitive image.

Service innovation is important for private Islamic higher educational institutions to win the competition. Cadwallader et al. (2010) revealed that to implement the service innovation, institutions should not only focus on management, environment, and competitors, but also on employees' involvement. Moreover, Averet (2001) revealed that performing service innovation just by relying on technological resources and fund availability is not enough, since it also requires employees' involvement to make it work. Performing service innovation

without employees' involvement only wastes time and money. This means the success of the service innovation highly depends on the involvement and performance of the employees (Cadwallader et al., 2010). This finding aligns with that of Mennens et al. (2018), indicating that employees' involvement is crucial for the success of service innovation. This finding also aligns with Cadwallader et al.'s (2010) expectations to enhance the marketing literature by highlighting the role of employees' involvement in driving service innovation.

Private Islamic higher educational institutions, which aim to improve their competitive image, rely on service innovation to improve the diligent efforts and hard work of their effective leaders (Ahmed et al., 2018). Since reforms and changes are required to achieve this purpose, service innovation encourages effective leaders to serve as role models and sources of inspiration for their employees to implement these reforms and changes (Ahmed et al., 2018). Therefore, effective leaders serve as a competitive resource, leveraging service innovation to gain a competitive advantage and enhance the competitive image. In other words, effective leaders play a crucial role in enhancing the competitive image through service innovation. The findings indicate that implementing service innovation can yield more conclusive results regarding the impact of effective leaders on the competitive image. Moreover, this competitive image can practically serve as an effective marketing tool for recruiting prospective students.

The service innovation significantly enhances the impact of lecturers and academic staff, who are employed in private Islamic higher educational institutions, on the competitive image of the institutions. The service innovation can motivate them to cultivate and promote a unique image, thereby giving them a competitive edge (Kalkan et al., 2020), particularly in situations where competitors lack a distinct image. As stated by Sanli & Arabaci (2017), the service innovation reveals that employees' involvement itself is considered not strong enough to enhance the competitive image, but it is still manageable. Therefore, this study's findings confirm those of Somani & Krishnan (2004) and Kalkan et al. (2020), which necessitated the incorporation of service innovation to trigger the impact of employees' involvement on the competitive image. This means the adoption of service innovation can provide more conclusive results on the impact of the employees' involvement on

the competitive image. Therefore, by doing so, the competitive image can be a highly effective marketing material to recruit prospective students.

VI. CONCLUSIONS

This study aims to investigate the mediating role of service innovation within private Islamic higher educational institutions to enhance the impact of effective leaders and employees' involvement on competitive image, in response to a fiercely competitive market for recruiting prospective students. This study's findings have successfully achieved the intended objectives. The most significant findings are those that offer fresh perspectives, as several previous studies had not conclusively demonstrated the impact of effective leaders or employees' involvement on competitive image.

The findings show that the human resources within private Islamic higher educational institutions must be driven by service innovation to enhance their competitive image. Service innovation motivates effective leaders to act as change agents who are capable to exhibit radical, innovative, and reliable performance. Moreover, service innovation also fosters employees' involvement, encouraging them to take initiatives as a manifestation of their concern for the institutions they serve. Effective leaders, lecturers, and academic staffs function together as valuable human resources in private Islamic higher educational institutions, providing a competitive image. Therefore, through the development of the constructs, this study's findings have manifested the resource-based view theory proposed by Penrose (2009), as well as have enhanced the understanding about the significance of service innovation on competitive image, as anticipated by Dent et al. (2019).

In order to enhance their competitive image, higher educational institutions should encourage lecturers and academic staff to actively generate and filter ideas for new services, set strategic goals and priorities, and adequately represent teamwork and other strategic activities. To achieve this purpose, these institutions must be equipped with effective leaders who are capable to function as strategic leaders, strategic business planners, and visionaries. In addition, to enhance the impact of human resources on competitive image, higher educational institutions must engage in service innovation, including product innovation, peripheral product innovation,

process innovation, organization innovation, strategic innovation, and marketing innovation.

Future studies on this topic are recommended to measure the capability of external networks, such as community leaders, youth leaders, school principals, and senior high school teachers, to enhance the competitive image of high educational institutions, both directly and indirectly, through service innovation. This is necessary because these external networks are also considered useful and possess mutually beneficial principles as the higher educational resources when empowered professionally.

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