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Navigating Christian School Resilience, Lesson Learn from Decline to Survival Strategies

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Abstract

This study investigates the decline of Christian private schools in Indonesia from the perspective of Resource-based View, Dynamic Capabilities and Stakeholder Management. The study employed qualitative research design, utilizing in-depth case studies to explore the cause of decline following the guidelines of Qualitative Data Analysis Methods, conducted a systematic and rigorous data analysis involving data reduction, data display, and conclusion verification. We used cycles of coding development to analysis the data and identifying patterns and themes that shed light on the decline of Christian schools. Our data is collected through 17 semi-structured interviews with 22 executives from three Christian school providers that have experienced decline and two association bodies of Christian education, all in five cities in Indonesia. Our findings revealed four major themes as the cause of setbacks, including schools that failed to adapt to changing environment due to lack of human capital resource allocation and neglected stakeholder engagement were more likely to experience decline. However, the study also identified three key propositions that can contribute to the revival of Christian schools, along with the development of schools' resources in form of Foundation managements' role and capabilities in form of planning with context-driven, and incorporating stakeholders that build relationship by student-centered approach, all as the integrative perspective for survival strategy. The results have implication for Christian educational Foundation senior management team, school executives and stakeholders seeking to revitalized and sustain educational institution in a rapidly changing environment.

Keywords: Decline, Survival Strategies, Educational Foundation, Indonesia, Resource-Based View, Dynamic Capability, Stakeholder Management.

Introduction

Many organizations have been susceptible to disconcert and disorderly situations, education providers are no exception that are also affected by survival issues. As non-profit organizations, schools are highly dependent on student intake, they are vulnerable to effects from financial distress and unsettling competitive responses as well as from growing stakeholder pressures. Organizations must get out from distressing results by becoming more resilient in adapting to disruptive environments and surviving a setback in a stronger capability than before by identifying best practice and lesson learned (Mehta et al., 2024; Kantabutra & Ketprapakorn, 2021; Duchek, 2020). Conversely, they will end up in failure, the point where they cease to exist and must stop their mission.

A survey conducted by Bilangan Research Center (BRC) in 2022 for Indonesia's Christian Education Council (MPK) revealed that the gap between Christian education providers in Indonesia has widened. That of 383 Christian education providers constituent of MPK

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(<https://www.mpk-indonesia.org/sejarah-mpk/>) with around six thousand school they manage ranging from early childhood to senior and vocational high school, only 30% of these schools are in good condition and 40% are currently experiencing setbacks, the rest 30% are experiencing stagnation (<https://pgi.or.id/rakernas-i-mpk-handi-irawan-sekolah-sekolah-kristen-di-indonesia-dalam-kondisi-tidak-baik/>). If this problem is not resolved, very likely the declining schools will close within the next 5 to 10 years and will also drag down other schools in stagnation.

The contemporary issue of school decline is alarmingly worsening of educational crisis, the issue of school existence requires a new perspective especially with organizations that serve as provider of Christian education so that they may survive and be competitive in education industry which has experienced a lot of disruption on an unprecedented scale (Alejo et al. al., 2023; Yani et al., 2023). The adoption of strategic management can accommodate education providers as non-profit organizations to navigate environmental changes, improve their decision making and external relationship and attain its mission with better survival aptitude (Ulwiyah et al., 2023; Miller 2018; Hafsi & Thomas, 2005). To understand the lesson learned from setbacks and experience of survival strategy, this study attempts to answer the following research questions: Why are Christian schools in Indonesia decline and lack of sustained competitive advantage and How Christian schools in Indonesia can build their survivability amid increased competition?

Literature Review

We define Christian education provider as Foundation (or Yayasan, in Indonesian) with the schools they manage either uses the name Christian or not, which was founded by a Christian Foundation and/or church, operates the schools with or without direct management or supervision from the Foundation and/or church, and whose owner is a Christian (Jondar & Sampaleng, 2022). The definition correspondence alongside schools that incorporate teachings and practices faith-based value, that are private and have chance of surviving (Yani et al., 2023) with the prominent role of the Foundation management in the success or failure of the schools (Doringin, 2022). The unit of analysis in this study is the Foundation with its school level from Junior to Senior High which are affected much by the setbacks due to higher operational expenses and more complex dynamics as explained in pilot interview with MPK.

The problems faced by the education Foundation are like a vicious circle with no end. What is certain about the phenomena is the decline in student intake brings financial problems which then make it difficult for schools to pay teachers' salaries and to maintain facilities. Foundation and school management must find ways in responding to such situations and with the low capacity of the remaining teachers consequently leads to a low quality of teaching and graduates, the result is the school's reputation falls and causes lack of new intake (<https://pgi.or.id/rakernas-i-mpk-handi-irawan-sekolah-sekolah-kristen-di-indonesia-dalam-kondisi-tidak-baik/>).

Competition with other schools became the main excuse, while the internal resources and capabilities continued to shrink without a remedy of what and how to improve.

The quality of education a student joins will generally determine the next higher education a person can pursue and will also determine the prospect of a career in the future. Choosing a school to resume education is really a choice for people to improve their living status (Vasudevan, 2021). The Foundation has assets and capabilities to leverage for improving its quality educational resources and process. The big question is why some Foundation can successfully adapt to changes and survive while others show striking rigidity and eventually fail.

The ability to sustain competitive advantage that contributes to long-term success has become more complex and dynamic with study pointed out the two prominent theories of strategic management that can help explain how organization achieve and sustain competitive advantages are Resource-based View and Dynamic Capabilities (Sun et al., 2024)

Resource-based view (RBV) explained firm's resources from categorization of asset type namely physical capital resources, human capital resources, and organizational capital resources (Barney, 1991). Barney introduced the utility criteria known as the VRIO (Barney, 1995) that describes the attributes of resources as value, rare, difficult to imitate or imperfectly imitable and organizationally contextual, the latter emphasizes the need for organization to be structured in a way that can fully leverage its resources with focus on resource heterogeneity and immobility. On further classification, Miller & Samsie (1996) divides based on nature of asset that is not easily imitated because competitors do not have sufficient information or capabilities to copy the company's footsteps in building, owning and controlling that resource, this division consists of property-based resources and knowledge-based resources. Later, the resources of a business are also classified based on the physical nature of assets either tangible or intangible (Kamasak, 2017) and by the nature of physical resources, human capital resources, organizational resources and financial resources (Barney & Hesterly, 2020; Lubis, 2022).

Wernerfelt (1984) indicated that resources and products are two sides of the same coin as most products require the service of several resources and most resources can be used in several products. RBV approaches found in the forming and service quality of educational resources that also contribute to the development of excellent human capital (Vasudevan, 2021). Giawa & Saragih (2021) discussed several resources that may provide this study with sufficient scope for a typical educational Foundation's resources, they are planning system, physical assets and infrastructures, location, human capital resources, learning output, teacher and staff, promotion, work ethos, schools' governance and leadership. Dwikamayuda et al. (2024) continue with types of resources that are more intangible and generate value through capability like school capacity to obtain grant, internal funding from Foundation, capabilities of teacher and staff, harmonious relation, adaptation level, training, budget planning, structural meeting to parents' association.

Having bundle of resources with heterogeneity and immobility are essential besides knowledge and skills that allow organizations to plan their operations for sustained competitive advantage in responding to rapidly shifting business environments (Kero & Bogale, 2023). Sustained competitive advantage requires imperfect imitability and imperfect substitutability to limit competition with causal ambiguity as another resources advantage that is responsible for superiority or inferiority of firm performance since it can act as commanding block on imitation and factor mobility (Lippman & Rumelt, 1982; Peteraf, 1993; Madhok et al., 2010; Costa et al., 2023). While fostering competitiveness, Kamasak (2017) suggests that not all resources share the same contribution, and the intangible resources with capabilities will make a larger contribution to firm performance than tangible resources. Freeman et al. (2021) argued that among all resources, the role of human capital that arrives as managers with substantial cognitive and managerial capability is economic, and they are allotted the role of resource orchestration which is strategically important to a firm.

However, a company sustainable competitive advantage does not solely stem from its possession of strong resources and capabilities, but from its ability to adapt (Elistia et al., 2024). The perspective that obtaining sustained competitive advantage requires further exploitation of firm-specific and dynamic capabilities (DC), both internal and external has been put forward in the

study of Teece (1982) and Wernerfelt (1984). Building resilience not only requires diverse and orchestration of resources but also with DC that goes beyond the stable nature of RBV approach, that in this argument DC expands the RBV postulate in way resources are integrate, build and reconfigure to gain sustained competitive advantage (Teece et al., 1997; Martinelli et al., 2018; Arranz, 2020; Saddam et al., 2023; Rao et al., 2024). DC that formed by micro-foundations of sensing, seizing and reconfiguring, is associated with dynamic ambidexterity elements of exploitation (seizing) and exploration (sensing) that have become important determinants of a business failure or survival (Frogeri et al., 2022; Gupta et al., 2024) and whether a firm can thrive in the market volatility or not (Wilden et al., 2016).

DC will lead to sustained competitive advantage if change can be predicted and other firms are unaware of the need for change (Denrell and Powell, 2018). The experience of the firm resulting from routines, learning process and context-driven eventually form firm's position and path-dependence over time. Organizations might first have developed their specific capabilities but only recently realized that they need to update existing competencies to respond to changes. This awareness is intrinsically related to firms' strategic renewal (Khan, 2020; Amankwah-Amoah et al., 2021) that requires investment in new development and commercialization activities to ensure the position and path play as internal and external enabler forces and not constrain DC.

Keller et al., (2022) and Engelmann (2024) lend further support to self-reinforcing of the path-dependence that put the process to push for feedback and new path creation to evade from the outdated ways or the unfavorable routine based. Structural decisions tend to seek balance and compromise, and innovation often does not benefit from structures that simply match costs with opportunities, there needs to present and redeploy resources especially financial commitment to respond when opportunities are ripe. Schoemaker et al. (2018) and Hossain et al. (2020) further explained what essential with capability is the strategic leadership with entrepreneurial behavior. Only observant and strong managers that match strategies can overcome such unfavorable tendencies towards innovation. Such managerial abilities will effectively form superior DC that will be in sync with the changed business context and respond to threats while creating value from the process (Weaven et al., 2021) and produce sustainable competitive advantage while supported by other complementary resources (Gupta et al., 2024).

Teece, Peteraf & Leih (2016) emphasized redeploying resources with balancing stakeholder interests within the importance of threefold DC activities sensing, seizing and reconfiguring. The calibration of technology and market opportunities including institutional linkages like collaborative capability in relationships with stakeholders (Shah et al., 2019) will lead to growth, profitability and minimize the chance of failure. Collaborative skills, networking and interactive capabilities that acquire new knowledge, skill and technology are also most subject to uncertain imitability since ambiguity may derive from the complexity of skills and resource interactions within competencies and from interaction between competencies (Miller & Shamsie, 1996; Mushangai, 2023).

A stakeholder approach encourages management to look out and identify, investing in all the relationships that will ensure long-term success and sustainability of the firm (Freeman and Mcvea, 2001). Emerging literatures acknowledge the importance of stakeholder approach as the centrality of firm survival. Firm's ability to systematically identify, explore and integrate the views of stakeholders by communication and building dialogues to inform, listen and response has contributed to the alignment and integration of stakeholders with organizations' strategies (Valle & Sarturi, 2022).

In the context of service industry with social value, Murphy & Wilson (2021) evidenced that the capabilities to sense and seize customer, competitor, community, and industry information have profound implications for fulfillment of firms' objectives amid the increased competition. They found that organizations rely on systems that continuously engage sensing and seizing activities related to customers, competitors, communities, and the industry, will lead internal stakeholder groups to determine proactive steps toward improvement. Further, Ortiz-Avram et al. (2024) introduced a new typology of dynamic capabilities that reliably develop new products, transform business models, and drive internal process innovation is by integrating stakeholders' concern into its decision-making and innovation processes.

Following arguments from above reviewed literatures, we formulated the aim of this study is to examine the phenomena of Christian schools decline from a broader lens of schools' resources, capabilities and offering a new perspective of the dynamic process with stakeholder management. This study will provide explanation of why some Foundation fail to anticipate the situation that bring to their setbacks and how they could build their sustained competitive advantage with the insight from their experience. Our research discussion will focus on lack of determinant factors that cause decline and strategies lead to survival that theoretically connect to and guided by RBV, DC and Stakeholder concepts.

Methods

Our data is collected from three Christian educational Foundations located in Yogyakarta, Surakarta (Solo) and Purwodadi. Purposeful sampling is used to select participants who can provide this study with an understanding of the central phenomenon. Their role ranging from chairman, secretary and treasurer of the Foundation to teachers, principal and school managing director. Beside the participants from the three Foundations, we also included participants for pilot and concluding interviews from Christian Education Council (MPK) in Jakarta and Synod of Education Planning and Development Institute Foundation (LP3S) in Salatiga. Altogether this study conducted 17 interviews with 22 participants from five cities in Indonesia in both one-to-one interactions and large group interviews that took place face-to-face, with two third of the participants has been working with the Foundations for more than 15 years. This study used semi-structured interviews that have a prepared theme framework but be explored or allowing new questions to be brought forward during the interview as consequence of what the interviewees have said (Ruslin et al., 2022), this was best used when we will not get more than one opportunity to interview the informants (Wahyuni, 2023). The use of pseudonyms for person and Foundations' confidentiality as a form of anonymity (Itzik et al., 2023) has been agreed when obtaining the participants' permission to participate in the interviews.

Our data of words or language in the structure of extended text, combined with documents is analyzed in four stages following the qualitative data analysis methods in Miles et al. (2014). The first stage is the direct recordings were transcribed into text, this involved stimulation to remember the ideas and context while the information was spoken or explained. The data from interviews including the raw field notes is retyped its mispronunciations or incomplete sentences, abbreviations, fraction of factual content, sketchy information and pauses voices. The retyped data is reviewed, condensed and simplified for then ready to be displayed and analyzed. The second stage is to proceed with identifying important characteristics of the information in the data. This stage involved assigning symbolic meaning or codes to the descriptive information to capture the essence.

This study applied five coding approaches in this stage. We used descriptive, in vivo, values,

evaluation and process coding, sticking codes that grounded in what the participants say and important local factors. The third stage is sorting the data results from the first cycle of coding to generate patterns of codes that lead to important concepts or themes. The codes that are common are clustered into patterns added with narrative description and displayed in tables. In this stage the categorization of themes helps in analyzing the formed patterns. Finally in the fourth step we analyzed the patterns under the lights of existence theories to draw conclusions that point to major patterns and themes which interconnected as propositions. This step declares a summative synthesis statement that reflects the findings which are confirmed by evidence from the data along with the research questions. The results of the analysis will be explained in the next section and follow by more concise explanations to increase generalizability and transferability to another context in the discussion section.

Results

The three Foundation have commonality with the age of their organization that all have long history in school operation. Foundation A was founded in 1945, Foundation (or Cooperative) B was started in 1916 and Foundation C in 1953. However, decades of learning and processes do not simply explain the age effects that may exist in survival. All cases were severely affected in the crises of students' decline in 2006 to 2021 which resulted in 30% of their schools closing. Foundation B foremost responded to unsettled capabilities with reengineering initiative following their centennial jubilee in 2016, Foundation A started making changes to revive the school in 2021 with turnaround strategy and Foundation C first developed a plan for change management in 2023 but only recently realized what they need is to reconfigure resources and update existing competencies.

The interview revealed insights into what challenges they face that cause the setbacks. Participants talked about the management and staff resources that went exhaustively with respect to competency and influence as an entrepreneurial agency. There was a lack of congruence between Foundation management teams, schools' executives with strategies. A participant explained how there were no unified capabilities with a sum of plans that relate to execution which can help schools prevent disruption. Participants explained this situation about the management and the competency below:

AA2-Exe: The root of the problem that I think is most influential is the school management itself.

BD-Sec: Well, as I joined, I applied for it now, but in the past, human resources lacked enthusiasm too. In terms of character yes, they have a better character. It's just that his competence is lacking. This recruitment process is deficient, in the past those who apply are those who we accept, it should not be like that and it's not possible for recruiting only depend on the schools making the decision, that's why needs to be centralized.

BA1-Exe: School management is weak, resulting in a weak system and often the structure is dysfunctional, people assigned to public relations don't understand digitalization or IT even though the job is everything digital. This means that the structure is established, but people are placed without looking at competence. Why did that happen? Because human capital is weak, if there are people who excel in management, it will certainly not be like that.

Participants identified that failure to update oneself with new knowledge and information appended by lack of teachers' training and development from Foundation specify the low standard of teacher and staff that operated in moderate work ethos and weak workplace tradition.

They further said that the recruitment system did contribute to the setbacks when Foundation simply matches cost over qualification in hiring teachers. Besides that, the existing teachers are leaving schools following low pay and lack of support, while the on-loan government teachers are not retainable due to withdrawn. Participants who deal with this experience stated as follows:

BA2-Exe: When they (teachers and staff) are paid low, they resign, so those who want to join are those of low quality, because many of them are of low quality, in the end the service is also of low quality, and what the school produces is also low and of low quality.

DC1-Stc: Then from the foundation, there are few assistances for teachers' development, we operate solely for teaching, thinking how we can teach by self-learning. When the teacher has the desire to autodidactically learn like that, we are aware that's the way. We don't update ourselves if there's new knowledge, we're inactive too, that might be our weakness.

Besides the human capital factor that influences the mismatch between leadership patterns with strategies and effectiveness of operation, participants also described their ways of managing Foundation and its schools. The administration is operating without a grand strategy, having no integrated strategic plan and unified policies. Executives of the Foundation explained that it is difficult to hold together initiatives and actions, and chosen strategy is not translated into concrete action. With lacking decision process, it has become more challenging to cope with anticipating disruption while relying on past procedures leads to business as usual and transformation apathy. Participants who experience this situation explained below:

BA1-Exe: God is all rich and almighty. But how come, then our schools are like this - this is where our pain comes from, then we introspect ourselves, we don't have a grand design, we don't have an operational plan, yes, we must manage this organization, organize with directive so that not like before, what form of procedure will we make first?

DA1-Exe: At first glance this seems like a strategic plan, and we must admit, we don't have one yet. It's more like an annual activity plan, so, in the past, this foundation was like a joint secretariat. So that schools are planning to carry out activities by themselves.

AA2-Exe: However, there is a lot of input regarding the formulation of school strategies, especially during the times of decline, but the biggest difficulty is that these plans and solutions cannot be implemented concretely, they cannot simply be implemented according to what has been formulated or suggested.

BF-Exe: There is no system or standard practice, operation was just based on that's what "he or they said" or "this or that used to be like this," and what happened was just running as exactly the old or the past managements' practice, "this is just the way we used to do in the past."

Participants also shared that in adhering to social values of the business of non-profit organizations like schools, the management team does not turn to the sustainability principle that schools also need a self-sustaining strategy to be able to continue their mission. The work behavior that drives to act as organization that need to sustain was hindered by another control in the process of management which is the cultural value of "ewuh pakewuh" where low performance behavior is not addressed due to reluctance to express it openly and the tradition of putting off task until later. These factors have influenced professionalism at work among executives in Foundation and school. Participants expressed this work tradition as below:

BB1-Pcp: As the leader there, I haven't taken immediate action, but instructions are still

being postponed. Instructions are like because we still have much time, just put it off for two more weeks, these factors are the cause of the failure. So, it's used to be too slow, because maybe we're used to living comfortably.

BA2-Exe: So now we are bluntly and don't use the culture of "ewuh pakewuh" and so on, it must be removed and replaced with a culture of honesty to evaluate ourselves and judge performance.

Other principals of schools felt that productive dialog with Foundation management did not occur when concerned about the schools' alignment with strategies and environment, schools experienced absence of policies and direction from Foundation. The presence of the Foundation guidance and direction was not perceived by the school, with some schools have not developing their annual or strategic plan under the leading role of the foundation. This sentiment about the absence of direct influence was echoed by participants as below:

DB1-Pcp: The foundation didn't know about the major events with their impact at schools, at that time the foundation wasn't involved in the school, the foundation didn't know about what happened at the schools, no, the main thing is the school was just operating like that.

DE-Pcp: Previously there were many things we did, and we apologized to the management, we forgot that there was management, we sometimes forgot if there was an administrator, like when we were inviting parents that afternoon, the management should have present, I forgot about that, I mean the important thing is that how it (the meeting) goes first.

A participant explained that the awareness of Foundation and school executives to predict change also depends on substantial cognitive and managerial capabilities. The drive of micro-foundations that formed dynamic capabilities were not present in the early decline, this condition caused the management unable to revive from decline. The sensing activity is blunt due to management still considering their own school as popular as in the past when the admission was growing, the fact that many other public schools have improved their teachers, program, and facility, which is followed by many other new entrants of private schools did not identify and assess as threats. The participant shared the incapacity to adapt as below:

AA1-Exe: One root of the problem also is where the foundation and the management are too confident with past successes and think that our schools are still as popular as they were first established, this causes the administrators to tend to run business as usual, such as not taking effort to anticipate the various factors that have changed the game. As a result, when there has been a decline, it is difficult to rise again.

The other limitation that prevents management and schools' executives from seizing the opportunity is the fear of failure, this has kept teams from embracing change and keeps the existing path rather than facing further financial strain. A Foundation executive described this barrier that hinders agility when discussing his willingness to undertake change reconfigure the schools' financial management in a time of decline, although the change might offer alternative advantages like streamline the process and stronger risk management, the participant expressed as below:

DA2-Exe: About embracing centralization (finances), because we still use the tradition of being managed based on individual school, that is what makes schools that are said to be in minus can still survive and the foundation can still survive if, then all the school's finances go to the foundation. I think we'll be having trouble.

Participants elaborated that the schools' programs were not without breakthroughs, as an early adopter of some new programs school also experienced being a pioneer and trendsetter while others are still unaware to shape and lead, but unfortunately without adaptability to sustain the edge and continuously sensing and seizing opportunity with reconfiguring resources and capabilities, schools were outperformed by imitators and lost their first mover advantage. This inconsistency in sustaining the trend-setting role was indicated by participants as below:

DB1-Pcp and DC1-Stc: We, in this district, are pioneer schools. Everything we do is then copied and followed by competitor schools, but we are defeated. When we conducted graduation, not a single school held a graduation ceremony yet. A few years later other schools followed, they made it bigger. Then we did outbound activities, and now our competitors are doing them too. So, we are pioneers but not consistent. We are faced with costs considerably, so we do it, but later we end up doing the same thing, those who imitate us do it more enthusiastically.

Other participants raised concerns with faith-based education values that are indeed unique and perceived as distinct attribute that makes education truly Christian, desirable, and guiding principle for people in making decision. But unfortunately, the schools failed to leverage it as an asset for improving their quality of graduates with differentiation proposition. The Christian education value which is vulnerable to polarization due to difference in socio-political view remains as liability and has caused school loose the competition to both public and private schools. This difficulty in keeping up with turning the faith-based education value to becoming schools' asset was pointed out by participants as below:

BE-Pcp: We really need a special program to attract students because without it we are far behind, we lose competition because the others generally have expertise and differentiating programs. We do not have any special characteristics even though this is a Christian school.

BA1-Exe: What makes our schools experience a lot of decline is the quality of graduates who cannot be maintained both in terms of academics, humanities and spiritual character including skills. All of that is not accommodated and finally people say what is the unique characteristic of a Christian school. There is none, if there is none it means it is finished, it has no bargaining power at all.

In relation to the schools' value manifestation, the participants also highlighted about the importance to make parents informed about the process to quality of graduates which reflect the results of Christian education, that parents expect to know and see what's in it for them and to have no doubt about the Foundations' commitment and school programs. Participants indicated that the school would gain trust from parents and the church community as key stakeholders if they feel and see the process and the outcome, but because there was a lack of communication with parents and church that through their trust the school gain significant support, the number of new students accepted was not increase but decline. Below are how they described this lack of communication to build relationship and cooperation situation:

DB1-Pcp: Indeed, there must be cooperation with the church to encourage church community to entrust their children to study in Christian schools. There was a church council, and pastors whose children went to public school. If church leaders or council members support Christian schools, at least the community will consider and follow their pastors. If it doesn't start with the leaders, the community' awareness will not be looking at Christian schools.

DE-Pcp: What was not done before and is now being done that helps the school survive is the relationship between parents and the school which previously was not in close communication.

AB1-Pcp: What is no less important is that we then need to invite parents so that they can see how much they paid, for what and what they got. We should do this twice a year, per semester.

Another challenge was raised by the participants as the cause of setbacks is the lack of preparation when the government comes with zonation policy. The policy that arrives with more new public schools established in expanded capacities has increased the competition meantime Foundation were not ready with the self-sustain strategy. They said that support schemes from public schools have increasingly attracted students from areas which have been the source of students for Foundation before. The participants described how this challenge of increased competition has impacted schools' admission below:

BB1-Pcp and BA2-Exe: This is not an excuse, but there is a time when the government issuing zoning regulations that are always like that, if we get zoning impacts without preparation, then yes, we should move from mission schools to self-sustain schools.

AC1-Edr: Our school is in the middle of superior schools both public and private, around seven to eight schools with us in the middle, that's fierce rivalry, it's in the middle so ferocious competition.

BA2-Exe: The opening of public schools continues, a hasty movement from the government to open large school spaces to accommodate large capacities so that we are not positioned as partners but more likely as competitors. What is clear is that our schools do not have the ability to compete with those schools, both public and private.

DC1-Stc: Well, when students get an offer to go to school for free and are promised a picnic not only in the city, but outside the city and even outside the island. So, when they are accepted, they are given school stationery like bags, etc. There are also those who are given pocket money and don't pay school fees.

Finally, we structure the results in four major themes and one sub-theme as key findings of Christian school decline determinants, each of the theme supported by relevant data from cases studied. We organized these four themes of internal factors with one sub-theme as external factor that contributes to schools' setbacks in summary Table 1. below that shows the gaps between the experiences and the theoretical perspectives to set the stage for discussion. These insights will be used in the discussion section to develop propositions on how the schools get out of distressing results by becoming more resilient and surviving a setback in a stronger capability.

Major themes & sub-theme		School decline determinants, experience from multi-cases study		
HUMAN CAPITAL RESOURCES	Yayasan A	Yayasan B	Yayasan C	
	Fail to stay current with new technology and information	Below standard teacher resources, low work ethos and tradition	Lack of teacher training and development from internal organization	
	Resource went exhausted, teachers leaving due to lack of development	On-loan government teachers are withdrawn	Rely on external (government) support	
MANAGEMENT SYSTEM		Lack of skill and competence-based recruitment and hiring system		
	Lack of alignment leadership patterns with strategies	Lack of grand strategy formulation and integrated plan	Lack of strategic planning and unified policies	
	Strategy is not translated into actions	Over emphasize school as social business	Lack of implementation, stop at concept level	
	Business as usual, rely on past procedure	Transformation apathy, past practice dominant	Lack of confidence to change after failure	
	Slow to anticipate disruption, complacency management	Slow for improvement (“ewuh pakewuh” and “putting off task”)	Absence of Yayasan role in directing and guiding	
ORGANIZATIONAL CAPABILITIES	Unawareness of risk and deficiency, lack of sensing activity and absence of new strategy. Consider current as popular as in the past while the competitive landscape has changed. Public and private schools improve their teachers, program and facility with more capacity.			
	Remain unfavorable path dependencies	Fear of failure keeps school embrace change, lack of confidence		
	Lack of exploring and exploiting, the assumption of routinization downplays entrepreneurial agency for sensing and seizing opportunities and threats.		Lack of ability to adapt and to sustain first mover advantages	
	Lack of reconfiguring resources and capabilities, while carrying the unique faith-based education value, fails to leverage for improving quality of graduates and program differentiation. Instead, the value remains as liability that vulnerable to the risk of polarization.			
STAKEHOLDER MANAGEMENT	Lack of communication with church leaders results in incoordination	Discontinuity of support from church impacted community trust	Lacking trust from church and congregation community	
	Lack of engagement, communication and relationships with parents, doubt and dissatisfaction are not communicated well and solved.			
GOVERNMENT FACTOR	Zoning policy impacts schools’ admission, complemented with support scheme by public school has attracted students from areas which have been the source of students for Yayasan.			

Table 1. Major Themes of School Decline from Multi-Cases Study

Source: developed by the author from research findings, 2024

Discussion

Our findings support that failure rates are expected to increase beyond a certain age of organization with the start of the senescence. Along with the length of time the Foundation has been operating, human capital resources have gone exhausted and the drive to update oneself with new technology and information is letting up. Resources in the form of human capital that have an impact on survival and exit are among the factors that this study found to be the cause of schools’ decline. The results underpinning the notion that amid deficiency in human capital with capabilities to adapt, Foundation management failed to plan and exercise activities as an entrepreneurial team. Senior management needs to have perception of opportunities to productively change existing routines and act on resource configurations to undertake and implement change (Zahra, et al., 2006) in response to the dynamic nature of business environments that demand continuous adaptability and flexibility from both entrepreneurial and managerial perspectives (Pennetta, 2024).

Human capital with clear calling as necessary for faith-based education, and management team that engage in strong social cohesion are both the basics for administration in bureaucratic process. But for survival, most of the entrepreneurial abilities are precisely required for managerial positions and leadership roles that are run by human capital. The results indicate that neglecting the leading role of Foundation is a serious omission for school transformation, therefore schools that are transformed without integration agency will not work. Foundation management that integrates the internal school resources (and the external) to adapt to changing

environment and seize opportunities find application in the entrepreneurial and managerial context (Teece, 2014).

Integration agencies enable performance improvement to deal with organizational as a whole and broader systems that are run by management, the process that expect to lead towards performance-driven competence beyond human capital and other resources that are not productive on their own (Mong et al., 2021). Foundations that revived from adversity improved their processes by reinforcing strategic studies and planning with schools following Foundations' roadmap. Focusing on teachers' competence and welfare, Foundations incentivize teachers with new ideas and innovation, support the resources with training and development, and integrate across diverse groups of the schools' executive team with productive dialogue on the concerns about the schools' alignment with its environment through strength-based approach rather than dwelling on problems.

The exercise of assessment and evaluation by Foundation management with plans for change and empowering the school principals to operationalize adaptation has served to improve and facilitating creation of shared meaning that leads to action toward survival goals. The results are consistent with study showing that management team with entrepreneurial behavior as team is a preference for innovation and change (Hossain et al., 2022). Surviving schools experienced the heartbeat as one team where the Foundation senior management keeps pumping the schools with guidance, direction and monitoring their implementation to the achievement and performance.

Based on the above explications, this study proposes the first proposition for school survival as follows:

P1. Christian schools can facilitate survivability through the integration agency between Foundation management and schools' resources entrepreneurial behavior that deal with the performance as a whole and broader policy, process and procedure which enable schools to be adaptive and implement change.

In terms of capabilities and stakeholder management, the findings reveal that exploring the unique context of each school environment with incorporating stakeholders is important not only for sensing but also to provide powerful encouragement for reconfiguring the resources and capabilities. Often with general context, organization generates generic programs that are easy to imitate, but with specific unique context with the support of stakeholders, Foundation creates heterogeneity and immobility resources that are essential assumption of RBV in gaining sustained competitive advantage (Barney 1991; Kero and Bogale, 2023).

The results show that the Foundations anticipated the needs of students in each school environment by navigating major resources of interschool heterogeneity. After closing several schools, which are also move as survival strategies before further deterioration occurs, Foundation start highlighting every school differentiation advantage. Teece et al. (2016) found that navigating disequilibrium by pursuing idiosyncratic strategies are major sources of interfirm heterogeneity. Foundation open special classes emphasize schools' philosophy, culture and value, conducting inter-religious study fostering understanding on diverse beliefs and multi-tiered system of student support are among the new programs that initiated by context driven.

Extra mile ministry in education with Saturday consultation forum, commence inclusive vocational school fostering equitable learning for disabilities, conduct training and assessment program for students' intern-ready and coaching program for innovation and entrepreneurship are also important acts to block on replication and factor mobility due to causal ambiguity the

intrinsic riskiness of entry (Ryall, 2009; Madhok et al., 2010). International collaboration programs, cultural exchange and diversity programs, school as community movement with discipleship that embrace both existing and prospective students and their parents are all the transforming activities involving stakeholders on the unique context of each school. The above new process in creating differentiation programs is found in our study have survived the schools with DC patterned activities that prone self-reinforcing and incorporated stakeholder management.

The developed self-reinforcing drives more than routines and learning process along the start of senescence, beyond rigid resource allocation, structural inertia and timeworn routines (Keller et al., 2022; Engelmann, 2024). Our findings also found that relationships with parents is improved in all Foundation which this part was the major lack in the past operation before decline. With the era of emphasizing the criticality of collaborative capability (Gupta et al., 2024), The results indicated that collaboration and interactive capabilities which were lacking before the turnaround initiatives are taken, has suited Foundation and schools to acquire new technologies and knowledge. Notable changes were the new perspective where Foundation put right the past deficiency in stakeholder relationships from just the nature of receiving aid at the time of crisis to developing long-term partnership for generating more valuable resources, creating value and enhance value creation activities thus gaining competitive advantage (Rigby, HBR 2025).

The progressive collaboration can be seen in improved relationship with church that equip schools with Christian worldview teaching and teachers, church community to promote school to future student, ‘friends’ of Yayasan that refer to other organization/foundation that empower schools with scholarship and funding, Christian education council (MPK) with care by its transformation movement, universities with knowledge sharing and skills, industries with opportunities for students and government with various support in training, funding and supervision.

Based on the above explications, this study proposes the second and third proposition for school survival as follows:

P2. Christian schools can survive by developing context driven planning, implementing and evaluating with incorporating stakeholders that provides overall strategy for school activities in sensing, seizing and transforming with ambiguity derived from complexity of resources interactions and skills.

Our findings revealed that survived schools developed relationships with parents and the community, including the industrial partner through students’ achievement and school programs. This potential helps schools revive from crisis and enhance their resilience, gaining back trust and recognition from community and industry. Foundation A and B promote students first resourceful by position students’ progress, experience and achievement on spotlight in every communication channel to parents and community through school news, awarding event, exhibition, celebration and elevate on social media. Foundation C conducts promotion that highlights students’ activities with their accomplishments linked to schools’ character values and community-based movement. Overall, the results indicated that the mere existence of specific resources and capabilities is insufficient to survive without exposing what’s going on to parents, the community including other myriad groups who have a stake in the failure or success of the school.

In fluidity of customer needs, parents and community demand to see, feel and understand what's in it for them and what's the differentiation and resources commitment that will waive their doubts to send students to Foundations' school as in the past operative. Our results show that reaching parents and communities enabling schools to adapt to change as feedback from parents whether it appears as satisfaction or dissatisfaction will help school addressing competition through sensing and seizing the opportunities when they are ripe instead of overemphasizing competition caused by government policy. The results are also correspondent with the potential role of DC to enhance business resilience and help business to recover from shock rather than ascribing or relying on government policy (Weaven et al., 2021; Rao et al., 2024).

Based on the above explications, this study proposes the third proposition of a new approach as follows:

P3. Christian schools that proactively empowered student-centered approach by elevating students' story and achievements with highlighting the experience, process and the schools' resource commitment will improve customer relationship and be survivable in the event of increased competition.

We summarize our discussion in Figure.1 below explaining how Christian school could experience from lesson learned during decline and have turned the areas where they lack certain resources and capabilities in the past to survivability amid increased competition.

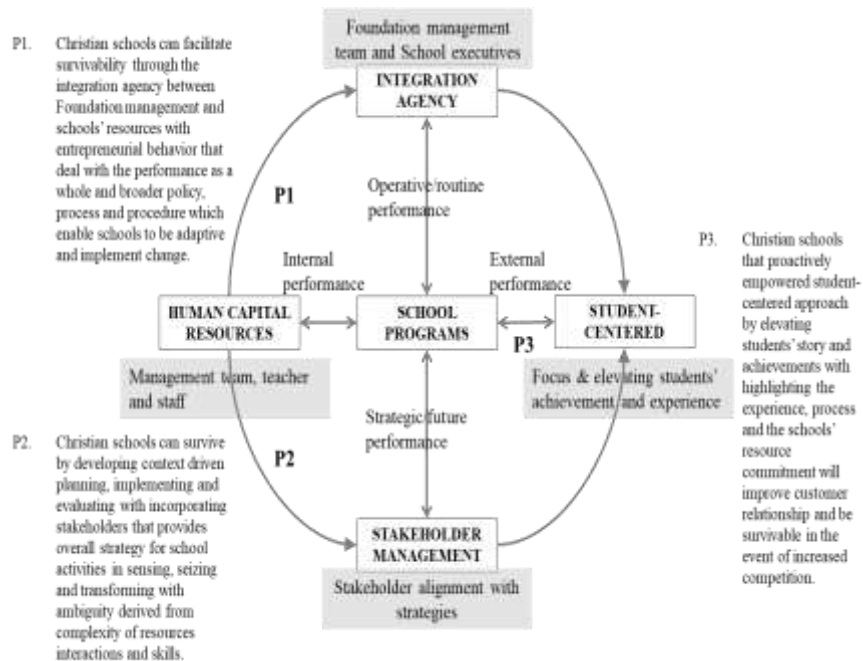


Figure 1. School Performance Framework With Propositions

Source: developed by Authors, 2024

The P1 proposition contribute to the forming of integration agency that empower the school management with direction and guidance from Foundation management team which stem from the prerequisite condition that Foundation management take improvement step on recruiting and hiring system that call people with skills, competence, entrepreneurial behavior, strong social

cohesion and heart for education to fill positions in Foundation and schools especially for teaching staff. The P2 contribute to develop context-driven given the operative performance has been formed from the actions of integration agency, to pursue future performance by incorporating stakeholders in a process of stakeholder management to align stakeholders with strategies and decision making. What is core in stakeholder approach is the creation of value, the notion of creating value for customers covers a wide range of possibilities, everything said in relation to customers will also apply to other stakeholders (Argandoña, 2011) as alue creation proposed that the relationship between business and its stakeholders need to be deeper than transaction-oriented encounters (Freudenreich et al., 2020). Value creation with stakeholders requires not only joint purpose but also appreciation, if value creation is not mutually beneficial then firm will lose its business, resources and legitimacy. Finally P3 contributes to elevate students' experience and put student as the center of schools' business with context-driven programs that has distinctive advantage that difficult to imitate due to its complexity process from resources, capabilities and stakeholders relation. Below are the list of new activities that generated from the experiences

Conclusion

In this study we argued that Christian schools in Indonesia possess valuable strengths that can help them build their ability to survive from setback. The problem is that some failed not by operating erroneously or ordinary, but because they have been doing what was right in the past for too long. We have analyzed the findings on both causes of decline and survival strategies under the light of RBV, DC and stakeholder theories. To answer the first research question of why decline we found four major themes as determinants of the setbacks that attributed to lack of resource allocation in form of human capital and management system, inadequate dynamic capabilities in form of managerial and organizational capabilities, and poor stakeholder management. The lesson learned from the old operatives leads us to further explore that organization needs capabilities with dynamic nature of sensing, seizing and reconfiguring to response to threats and escaping unfavorable path dependencies. To answer the second research question of how to survive, we propose three propositions as a new perspective concluded that values are created through human capital as integration agency between Foundation management together with schools' resources with entrepreneurial behavior that able to sense new opportunities and addressed through new programs, processes and services. The new process and activities that incorporating stakeholders produce interfirm heterogeneity programs alignment with its environment in the context-driven focus on student with value also apply to other stakeholders.

With few Indonesian studies have investigated survival strategies from the interrelating view, our study contributes to the literature of strategic management by providing the integrative perspective of RBV, DC and stakeholder management and met the previous research gap in the area of studying service sector firms or non-profit education industry (Prommarat et al., 2017, Gupta et al., 2024), exploring with different method rather than quantitative approach and with analysis from other emerging or developing countries (Shah et al., 2019, Rashid & Ratten, 2020; Özşuca, 2023), and to examine strategies based on crisis (Weaven et al., 2021).

For managerial and social suggestion, our study has implication to other Christian school as well as for other faith-based education provider, the method and analysis can be replicated by Foundation and schools' leaders that seek to revive from decline and explore survival strategy for the sustainable educational mission. This study also provide basis for Quality Assurance

Agencies and assessors that assessing school accreditation and compliance with quality standards that the results can be applied as indicator of the evaluation instrument for more integrated of schools' quality improvement. However, this study also has several limitations. First, the survival strategies are potentially transferrable, but since each Foundation has its own approach in managing their schools, this study lay direction for further research to investigate in a larger-scale analysis to generate more generalizability of findings. Second, this current study focused on understanding the cause of setbacks and how to survive, it did not consider the financial outcome with its investment and results, therefore this area is worth further investigation. Overall, weak or declining Christian school always has hope to revive as one participant stated as follow:

DA1-Exe: A weak Christian school is like a tree whose leaves dry up and fall off at the end of the dry season but is still given life. Not all the branches harden and die. There are still branches that soften. At the beginning of the rainy season, small delicate shoots will grow again, which need to be cared for and nurtured to continue growing.

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