

AN ANALYSIS OF OPPORTUNITY AND CHALLENGE OF DAYCARE INDUSTRIES IN MAKASSAR CITY

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Abstract: The daycare industry in Makassar has shown significant growth recently, driven by the increasing number of dual-income households and changing patterns of early childhood care. This study explores the opportunities and challenges faced by daycare businesses in the city, focusing on operational, social, and market-related aspects. Opportunities include the rising awareness among parents regarding early childhood education, growing demand for flexible childcare services, and potential partnerships with corporations, healthcare providers, and educational institutions. Additionally, the relatively limited number of high-quality daycare centers in suburban areas offers room for expansion. However, several challenges persist, such as high operational costs, a shortage of trained caregivers, cultural preferences for family-based childcare, and competition from informal providers offering lower prices. The study highlights the importance of adopting innovative solutions, including technology-enabled monitoring systems, diversified service packages, and continuous staff development programs to enhance service quality and build customer trust. By addressing these challenges and leveraging the available opportunities, daycare businesses in Makassar can achieve sustainable growth and contribute to improving early childhood care standards in the region. This research offers helpful tips for entrepreneurs, policymakers, and stakeholders in developing strategies to strengthen the competitiveness of the daycare sector.

Keywords: *Daycare Industry; Opportunities; Challenges; Innovative Solution; Sustainable Growth*

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1. Introduction

The daycare industry in Indonesia, particularly in major cities like Makassar, has shown significant growth recently. This trend reflects a fundamental shift in the social and economic structure of modern society. An increasing number of households are adopting a dual-income model, which directly raises the need for reliable and professional childcare services. Rather than being viewed as custodial facilities, childcare services are viewed as critical environments for early childhood development. That kind of shift also drives parents to seek certain daycares that provide both safety and early education for their children. Furthermore, the transition in early childhood care patterns from traditional to more structured and education-oriented approaches has also fueled the demand for daycare centers. This change

creates a dynamic and expanding market landscape, where opportunities and challenges are intertwined, shaping the future of this industry (Davies & Ellis, 2000).

Despite the promising market growth rate, daycare businesses in Makassar face a series of complex and diverse challenges. These challenges are not merely operational, such as high operational expenses and the shortage of trained and qualified caregivers, but also encompass social and cultural aspects. Furthermore, addressing the strong cultural preference for family-based childcare is crucial. Moreover, intense competition from informal providers offering lower prices adds to the complexity for formal businesses in maintaining their competitiveness. Understanding the interplay between these opportunities and challenges is key to developing effective and sustainable strategies within this industry (Dinas Kesehatan Jawa Barat, 2012). In addition, the importance of adopting or integrating innovative technologies and various approaches to childcare needed to open new paths of gaining competitive advantage. Additionally, adopting or integrating innovative technologies and various approaches to childcare is essential for opening new paths to gain a competitive advantage.

Therefore, this study is designed to conduct an in-depth analysis of this market dynamic. The primary objective of this research is to comprehensively explore the opportunities and challenges faced by daycare businesses in Makassar (Abashah & Taib, 2024). We focus the analysis on three key aspects (operational, social, and market-related) to provide a holistic understanding of the industry landscape. This study aims to identify not only the existing problems but also the untapped growth potential and how it can be optimized. Through this approach, the research seeks to fill a knowledge gap in the literature that specifically addresses the context of the daycare industry in rapidly growing cities like Makassar. The findings from this study are expected to offer valuable insights for policymakers, entrepreneurs, and stakeholders aiming to foster a more supportive environment for daycare providers. Additionally, the study will propose strategic recommendations to enhance service quality and business sustainability in this competitive sector.

To confront the existing challenges, this study highlights the importance of adopting innovative solutions. These solutions include the implementation of advanced technology, such as technology-enabled monitoring systems that allow parents to view their children's activities in real time, which can enhance trust and transparency. Diversifying service packages to meet the specific needs of various market segments is also a focus, along with investing in continuous staff development programs to ensure high-quality service. By integrating innovation into the business model, companies can not only overcome operational constraints but also build a competitive advantage that sets them apart from informal providers (Davies & Ellis, 2000; Makhmudovna et al., 2024). Furthermore, fostering partnerships with local communities and government agencies can strengthen support networks and facilitate access to resources. Emphasizing customer feedback and personalized care approaches will also help daycare centers adapt to changing demands and improve overall satisfaction.

As a final contribution, this research aims to provide actionable and practical insights for various stakeholders. The findings are expected to help entrepreneurs in designing stronger business strategies, assist policymakers in formulating regulations that support industry growth, and guide other stakeholders in investing in this sector. This paper is structured systematically, beginning with a literature review, followed by the research methodology, a presentation of the results, and a discussion of the findings, and concludes with a summary and recommendations for future studies. Moreover, the study seeks to bridge the gap between

academic research and real-world application by offering evidence-based solutions tailored to the unique context of Makassar's daycare market (Hasyim et al., 2022). Ultimately, these insights aim to promote sustainable development and improve the overall quality of childcare services in the region.

2. Literature Review

Children's Daycare Industries in Indonesia

Daycare is a child welfare program dedicated to children from the age of 3 months until the age of 6 years, where the program is integrated with care (Moussié, 2021). Childcare is also one of the non-formal educations, which also provides and helps children grow and develop by learning through playing or other methods (Almeida & Morais, 2025). Usually, children's daycare helps parents who have jobs but cannot take care of their children because of certain demands of job requirements, etc. In recent years, the demand for children's daycare stems from the rapid urbanization of certain cities. Besides rapid urbanization, increasing numbers of dual-income households, and changing patterns of early childhood care.

Daycare in the entire world is kind of responding to the demand of parents who want to take care of their children amid many demands from their jobs, especially any families living in big cities or certain cities with demanding jobs. In Indonesia certain big cities like Jakarta and Surabaya have daycare facilities with many varieties. These facilities continue to develop not only in terms of quantity but also in quality, offering services that adjust to the diverse needs of modern families. Children's daycare nowadays also accommodates parents who have different work schedules by providing flexible hours. In addition, children's daycare nowadays also focuses on parents who wish to give their children early education.

Aside from responding to the demand, development of children's daycare in some cities has increasingly emphasized quality and accessibility (Routhier et al., 2025). This includes improvements in facilities, curriculum design, and caregiver training to ensure that children receive not only supervision but also holistic development opportunities. Many daycares now incorporate structured educational activities tailored to different age groups, designed to stimulate curiosity and creativity through play-based learning. Furthermore, trained caregivers work closely with parents to monitor each child's progress and provide personalized support, ensuring that early childhood development milestones are met. This holistic approach not only supports working families but also lays a strong foundation for lifelong learning and well-being.

In addition, the daycare industry has shown significant growth worldwide, supported by government policies, private sector investment, and increasing public awareness of early childhood education. In many countries, daycare centers are no longer perceived solely as child-minding services but as essential institutions that contribute to social development and workforce productivity (Chang et al., 2021). This industry has also begun to adopt technology, such as digital monitoring systems and parent communication apps, to enhance transparency and trust. In Indonesia, similar trends can be observed, where modern daycare facilities integrate education, safety, and convenience, reflecting the growing recognition of daycare as a vital part of urban family life.

Children's Daycare situation in Makassar

Located in Sulawesi Selatan province, Indonesia, Makassar rarely has geographical problems, making it suitable for investors and the government. From those opportunities,

Makassar experienced significant growth in certain sectors from 2020 to 2024, including any sector that related to education. In addition, several job opportunities are available for families living in Makassar, and some families from outside the city also seek employment there (Badan Pusat Statistik Kota Makassar, 2024). Besides the opportunities, demanding jobs lead some parents to seek childcare because they lack time to care for their children. Many parents are increasingly aware of the importance of early education for their children, recognizing its potential for a lifelong impact on their future (Chang et al., 2021). Although the Makassar childcare industry has experienced substantial growth, the demand for high-quality-oriented childcare continues to spike. Yet only a few are open to the public because of a certain reason, which is a certain implemented method still in the trial-and-error phase for demands on targeted cities.

Conceptual Framework

Factors Influencing

Various internal and external factors interact to influence the development and competition of the daycare industry in Makassar. These factors can be classified into various main dimensions, which are:

1. Demographic and Social Factors

A surge of families with both parents working becomes one of the key factors to drive increasing demand for daycare service. Rapid urbanization in Makassar also caused a shift in people's lifestyles from traditional family-based caregiving to professional services (Nur Fitrianti et al., 2021). Besides that, parents' realization of how important early education is for children and the influence of modern lifestyle are enhancing the need for daycares to not only function as simple daycares but also function as facilities to stimulate children's development.

2. Economic Factors

Certain family economic conditions become the main determinant in decision-making when using daycare services. Families with upper middle-income levels tend to seek daycare with modern facilities, trained daycare staff, and integrated education programs (Lupikawaty & Bemby, 2017). On the other hand, families with limitations on finances tend to seek informal daycare or family assistance. Macroeconomic fluctuations, for example, recession or increasing daily costs, also influence parents' abilities to pay for daycare services; the affordability aspect becomes a crucial factor.

3. Cultural Factors and Public Perception

Cultural preferences still become a significant challenge for daycare industries. Some people still insist on their view that children should be cared for by their main family or by their grandparents, not the formal association. This incident creates resistance and doubt in entrusting childcare to take care of their children. People's trust must be built through service transparency, quality, and effective communication between the daycare provider and parents.

4. Technology Factors

Technological advancement heavily influenced daycare competitiveness. Usage of a CCTV-based monitoring system, a communication app between caregiver and parents, and a digital-based child development report for boosting safety and trust. Technology also contributes to operational efficiency, like attendance, schedule management, and service integration. Yet, overreliance on technology also causes certain risks if system failure or disturbance occurs.

5. Human Resource Availability Factor

Caregiver qualities become a determinant factor for daycare success. Specialist workforce shortage in taking care of children becomes the main challenge. Untrained human resources can cause quality decrease and affect people's trust. Thus, continuous training, standardized competency, and an internal security system become musts to increase caregiver professionalism (Bustamante et al., 2023).

6. Regulatory Factors and Government Support

Regulation-related permits, security standards, health, and daycare staff competency are crucial for daycare operations. Government support in the form of subsidies, training programs, and even facilities providers contribute to improving service quality. On the other side, lack of monitoring and uneven support distribution can cause desperation among daycare providers.

7. Competitive Factors and Supporting Industries

The competitive factors and supporting industries play a vital role. However, intense competitiveness from informal providers with lower prices is also stifling the competitiveness of formal daycares. Meanwhile, the existence of supporting industries such as educational toy providers, caregiver training institutions, early childhood education centers (PAUD), and child health facilities provides a crucial ecosystem that strengthens the quality of daycare services. Strategic collaboration with supporting industries can provide added value, both in terms of quality and service differentiation.

Overall, the factors influencing the daycare industry in Makassar are multidimensional and interconnected. The balance between demand, resource availability, regulations, and adaptation to socio-cultural changes will determine the sector's future sustainability and competitiveness.

Theories for a Strategic Planning Analysis

Porter aimed to establish a link between the academic literature in strategic management and international economics in his 1990 book, "Competitive Advantage of Nations," and create a basis for developing national policies on competitiveness (Davies & Ellis, 2000). Building on the critique that most trade-related theories emphasize costs alone, Porter argues that most trade-related theories focus solely on costs, so a new theory is essential that "must draw a comprehensive understanding of competition containing segmented markets, differentiated products, technological differences, and economies of scale." He suggests that this new theory should be able to define why companies from certain countries implement better strategies than others competing in certain sectors (Watchravesringkan et al., 2010). To this end, Porter conducted an examination of ten countries (USA, Germany, Denmark, South Korea, UK, Italy, Sweden, Switzerland, Japan, and Singapore) over four years, analyzing the economic characteristics of 100 sectors to identify the elements that determine the competitiveness of nations and sub-sectors and their contributions to the development of each country's competitive structure (Özlem, 2002). He sought answers to "why some regions are more competitive than others" and tried to clarify how companies gain superior positions in certain sectors in the global competitiveness of countries (Smit, 2010; Naserbakht et al., 2008; Çeştepe & Şıklı, 2024).

To further develop this framework, Porter created the Diamond Model to identify the factors contributing to the competitive advantage of countries and sectors, establishing a theoretical basis for understanding how competitiveness interacts among countries and

industries based on his analysis (Barragan & Lethbridge, 2005). This model creates a structure that determines the rules of competition in a sector and makes it important to have opinions play a role in achieving long-term competitiveness (Sun et al., 2010). Porter linked the determinants of the sector that state the competitive advantage of the nation with the value of the diamond. The four corners of the diamond are "factor conditions," "demand conditions," "the firm's strategy, structure, and rivalry," and "the related supplier industries," and "government" is also included in the system. These factors are described as factors that influence competitiveness as supporting the four factors (Civi, 2001). All these factors include all assets and skills that are vital for the competitive advantage of the industry; information that creates opportunities and provides answers on how convenient assets and skills should be managed; the goals of all interest groups; and most importantly, the company's specific strengths to invest and innovate (Cini & Nater, 2009).

The application of Porter's Diamond Model provides an ideal framework for analyzing the competitiveness of the daycare industry in Makassar, which is experiencing rapid growth due to the needs of working parents and the shift to structured early childhood education, despite facing challenges from high operational costs and intense competition from informal providers. By analyzing factors such as skilled labor, demand conditions driven by parental awareness, related and supporting industries such as educational toy providers, and corporate strategies, structures, and competition that force differentiation, we can holistically understand how these local factors influence a business's ability to succeed in the daycare market in Makassar.

3. Research Method

This study uses a qualitative approach using secondary data analysis taken from various sources, including academic journals, scientific articles, education websites, and policy reports. The research procedure has been designed systematically from many steps: The literature review conducts in-depth research on relevant literature, including the development of children's daycare industries, the situation of children's daycare industries in Makassar, the competitiveness determinant model, Porter's Diamond theory, and SWOT/TOWS Matrix analysis. The hypothesis formulates two main hypotheses, which are to identify factors influencing the competitiveness of children's daycares in Makassar using Porter's Diamond theory and to formulate strategies to strengthen the children's daycare industry. The data analysis conducts a series of secondary data analyses, including identifying key factors influencing the children's daycare industry, analyzing the strengths and weaknesses of the children's daycare system in Makassar through a competitive evaluation, and conducting a SWOT analysis to evaluate the condition of the children's daycare industry in Makassar. Strategy formulation and conclusion maps the development strategy of children's daycare industries by using the TOWS matrix and integrating it with the Diamond Porter model. These steps include data interpretation, formulation of conclusions, and recommendation of comprehensive policies.

4. Results and Discussion

4.1. Results

Competitive Advantages of Nation Analysis (Caon)

The Table 1 presented below outlines the competitive advantage aspects within the daycare industry in Indonesia, analyzed across factors such as productivity, demand, regulation, and technology. The purpose of this study is to provide a contextual framework to

help readers grasp the foundational criteria before explaining the detailed advantages and disadvantages of each aspect.

Table 1. The Competitive Advantages of Nation on Daycare Industry in Makassar

| CaoN aspects | Advantages | Disadvantages |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Productive Factor | Focusing on work: Parents became more focused and productive in the workplace due to knowing their parents under safety. | Limited-Service Hours: If the daycare is only open at certain times, it can restrict parents' work flexibility (for example, night shifts or overtime). |
| | Reduce Stress: Reducing parenting stress by the same time as working time | Service quality heavily depends on human resources; unskilled or burned-out staff may reduce performance. |
| | Operational Efficiency: With proper SOPs, one caregiver can handle several children, reducing labor costs. | Business productivity peaks only during certain hours, making it difficult to maintain outside standard operations. |
| Demand | Growing demand driven by the increasing number of working parents, particularly in urban areas. | Seasonal demand fluctuations during holidays, religious events, or emergencies. |
| | Broad market coverage including young families, single parents, employees, and expatriates. | High level of trust required, as many parents prefer family care over daycare. |
| | Rising trend of early education and parenting, where parents prefer childcare with educational value. | Intense competition from both formal and informal childcare providers. |
| Related and supporting industries | Easy access to supporting facilities such as children's supply stores, educational toys, and safety equipment. | Dependence on prices and distribution of supporting industries can affect operational costs. |
| | Strategic partnerships with caregiver training institutions, baby supply stores, or pediatric clinics. | Varying quality of external suppliers (food, toys, caregivers) may harm reputation. |
| | Technological support (e.g., daycare management apps, live CCTV, digital attendance systems) enhances efficiency and trust. | Competition with early childhood education institutions (PAUD, kindergarten) offering childcare services. |
| Firm strategy, structure, and rivalry | Flexible business models ranging from home-based daycare to professional centers and franchises. | High local competition from informal, low-cost daycares without clear standards. |
| | Differentiation strategies are easily developed (e.g., bilingual programs, healthy meals, CCTV access, transport services). | Many operators lack long-term strategies, treating daycare as a trend rather than a structured business. |
| | Market rivalry encourages continuous improvement in service quality and innovation. | Weak management structure in small-scale operations often leads to inconsistent services. |

| | | |
|-------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Government | More affordable fees due to subsidies and government support. | Inconsistent quality among facilities despite receiving support. |
| | Improved quality through standardization, training, and supervision. | Potential misuse of subsidies or assistance. |
| | Greater flexibility in operating hours supported by public-private collaboration. | Dependence on government budget allocation, which may fluctuate over time. |

Source(s): Table by Authors (2025).

SWOT Analysis

The findings presented in Table 1 further classify internal and external factors influencing the medical travel industry in Indonesia. Each factor is then mapped into four categories within the SWOT analysis framework: Strengths (S) as beneficial internal factors; Weaknesses (W) as detrimental internal factors; Opportunities (O) as favorable external factors; and Threats (T) as unfavorable external factors, as listed in Table 2.

Table 2. SWOT analysis of the development of the children's daycare industry

| | Internal Factors | External Factors |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Favorable Factors | Strengths (S) | Opportunities (O) |
| | S1: Flexible and extended operating hours (including overtime/night shifts) – <i>Firm Strategy, Structure & Rivalry</i> | O1: Increasing number of families with both parents working - <i>Demand Condition</i> |
| | S2: Safe, comfortable, and child-friendly facilities – <i>Productive Factor</i> | O2: High demand for daycare services with extended and reliable hours - <i>Demand Condition</i> |
| | S3: Provides early childhood education programs (Learning through play) - <i>Demand Condition</i> | O3: Potential partnerships with companies or institutions - <i>Related & Supporting Industries</i> |
| | S4: Low caregiver-to-child ratio, allowing more personal care - <i>Productive Factor</i> | O4: Integration with parenting technology (applications, digital daily reports) – <i>Related & Supporting Industries</i> |
| | S5: Parents trust is built through monitoring systems such as CCTV access - <i>Firm Strategy, Structure & Rivalry</i> | O5: Growing parental awareness of the importance of early childhood education - <i>Demand Condition</i> |
| Unfavorable Factors | | O6: Few similar daycare centers in second-tier cities or suburban areas - <i>Firm Strategy, Structure & Rivalry</i> |
| | Weaknesses (W) | Threats (T) |
| | W1: High operational costs (staff salaries, facilities, electricity, food) - <i>Productive Factor</i> | T1: Public concern about daycare safety due to previous cases - <i>Demand Condition</i> |
| | W2: Requires regular training and supervision for staff/caregivers - <i>Productive Factor</i> | T2: Emergence of competitors with lower prices but minimal facilities - <i>Firm Strategy, Structure & Rivalry</i> |

| | | |
|--|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | W3: Time needed to build reputation and trust - <i>Firm Strategy, Structure & Rivalry</i> | T3: Changes in government regulations related to licensing or service standards - <i>Government</i> |
| | W4: Challenging management of night shift staff - <i>Productive Factor</i> | T4: Recession or difficult economic conditions may cause parents to choose alternatives (such as leaving children with family) - <i>Demand Condition</i> |
| | W5: Limited scalability without reducing service quality - <i>Firm Strategy, Structure & Rivalry</i> | T5: Stigma from the older generation that still believes children should ideally be cared for by their own family – <i>Demand Condition</i> |

Source(s): Table by Authors (2025).

Correspondence Analysis and TOWS Matrix

This study applies correspondence analysis using the TOWS matrix to connect the relationship between SWOT factors and formulate strategies. Furthermore, we can use these correlated factors to formulate appropriate matching strategies. Therefore, the results are shown in Figure 1. There are four types of matching strategies using the TOWS matrix, namely SO, WO, ST, and WT. Internal factors (S and W) related to the same competitive advantage from the aspect of the nation are then formed into factor groups, such as (S1 to S7) or (W1 to W5). Internal factors actively correspond to external factors (O and T), thus showing many factors that are highly correlated. Forming factor groups can help reduce complexity in correspondence analysis and facilitate further integrated strategy formulation. By using the TOWS matrix as shown in Table 3, finally the six results are correlated between SWOT factors and formed with the competitive advantage of the nation.

| SWOT | Strengths (S) | | | | | | Weakness (W) | | | | |
|-------------------|---------------|-----|-----|-----|-----|-----|--------------|-----|-----|-----|-----|
| | SW | S1 | S2 | S3 | S4 | S5 | W1 | W2 | W3 | W4 | W5 |
| Opportunities (O) | OT | (F) | (P) | (D) | (P) | (F) | (P) | (P) | (F) | (P) | (F) |
| | O1 | ▲ | ● | ● | ● | ● | ● | ● | ● | ▲ | ▲ |
| | O2 | ▲ | ● | ● | ● | ▲ | ● | ● | ▲ | ▲ | ▲ |
| | O3 | ▲ | ▲ | ▲ | ▲ | ▲ | ● | ▲ | ▲ | ▲ | ▲ |
| | O4 | ● | ▲ | ▲ | ● | ▲ | ● | ▲ | ● | ▲ | ▲ |
| | O5 | ● | ● | ▲ | ▲ | ● | ● | ▲ | ▲ | ● | ● |
| | O6 | ● | ● | ● | ● | ● | ● | ● | ▲ | ▲ | ▲ |
| Threats (T) | T1 | ● | ▲ | ● | ▲ | ▲ | ● | ▲ | ▲ | ● | ▲ |
| | T2 | ● | ▲ | ● | ▲ | ▲ | ▲ | ▲ | ▲ | ● | ▲ |
| | T3 | ● | ● | ▲ | ● | ● | ● | ● | ● | ● | ▲ |
| | T4 | ● | ● | ● | ● | ● | ▲ | ● | ● | ● | ● |
| | T5 | ● | ● | ▲ | ● | ▲ | ● | ● | ● | ● | ● |

Note:

1. P = Production factor, R = Related and supporting industries, F = Firm strategy, structure, and rivalry, D = Demand factor, G = Government

2. "▲" Denotes high correlation and "●" Denotes no/low correlation

Figure 1. Mapping of TOWS Matrix Analysis. Source (s): figure by authors (2025).

Table 3.
Correlation between swot factors and formed to the competitive advantages of nation

| | Strengths (S) | Weaknesses (W) |
|--------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Opportunities (O) | SO1: S1 - 5 & O3 <i>Firm Strategy, Structure & Rivalry, Productive Factor and Demand</i> | WO1: (W2 & O3 – O5) <i>Productive Factor</i> |
| | SO2: (S2 – S3 & O4) <i>Productive Factor & and Demand</i> | WO2: (W3 & O2 – O3) <i>Firm Strategy, Structure</i> |
| | SO3: (S3 – S4 & O5) <i>Demand & Productive Factor</i> | WO3: (W4 – W5 & O1 - 4) <i>Firm Strategy, Structure & Productive Factor</i> |
| | | WO4: (W3 – W5 & O6) <i>Firm Strategy, Structure & Productive Factor</i> |
| Threats (T) | ST1: (S2 & T1 – T2) <i>Productive Factory</i> | WT1: (W5 & T1 – T3) <i>Firm Strategy, Structure</i> |
| | ST2: (S4 – S5 & T1 - T2) <i>Firm Strategy, Structure & Productive Factor</i> | WT2: (W2 – W3 & T1 – T2) <i>Firm Strategy, Structure & Productive Factor</i> |

Source(s): Table by Authors (2025).

4.2. Discussion

The results of this study indicate that the development of the daycare industry in Makassar is heavily influenced by a combination of internal and external factors, as illustrated through SWOT analysis, TOWS analysis, and Porter's Diamond Model. From a demand perspective, the increasing number of families with both parents working and public awareness of the importance of early childhood education are the main drivers of industry growth. This development is in line with trends in urbanization and social transformation that are shifting traditional family-based care patterns toward more structured, formal services (Li & Suttawet, 2025).

However, these opportunities face complex challenges. High operational expenses, particularly related to staff salaries and providing child-friendly facilities, pose a barrier to business sustainability. Furthermore, the availability of trained caregivers remains limited, increasing the risk of declining service quality. Cultural factors also play a significant role, with some communities still holding the view that children should be cared for by their immediate family or grandparents, rather than by formal institutions. This suggests that, despite increasing demand, building public trust and acceptance for daycare will still take time.

From a competitive perspective (firm strategy, structure, and rivalry), the presence of lower-priced informal providers poses a serious threat to the competitiveness of formal daycares. However, this also encourages innovation within formal providers, such as technology integration (CCTV, parenting apps, digital daily reports), educational program differentiation, and additional services like child pick-up and drop-off. In other words, industry rivalry can act as a catalyst for improving service quality.

Furthermore, the analysis highlights the importance of related and supporting industries. The rapidly growing presence of early childhood education centers (PAUD), caregiver training institutions, and childcare equipment providers in Makassar provides a crucial

supporting ecosystem. However, reliance on technology and fluctuating prices for childcare equipment can also pose additional risks to business stability.

From a government perspective, regulatory support, service standardization, and workforce training programs have the potential to strengthen industry quality. However, uneven oversight and the risk of subsidy abuse can lead to quality disparities among daycare providers. Therefore, strategic partnerships between the government, the private sector, and local communities are key to creating consistent standards.

5. Conclusion

This study concludes that the daycare industry in Makassar has very promising prospects, given the growing public demand for professional childcare services. Significant opportunities can be exploited through increased parental awareness, the development of a supportive ecosystem, and government regulatory support. However, challenges such as high operational expenses, limited trained caregivers, competition from informal providers, and cultural resistance remain key obstacles that must be overcome.

To address these challenges, the most relevant strategy is to integrate a SWOT/TOWS analysis with Porter's Diamond Model, resulting in comprehensive strategic recommendations. Some of the key strategies identified are optimizing service differentiation by adding educational programs, technology-based monitoring systems, and flexible services tailored to parents' needs; developing strategic partnerships with companies, educational institutions, and government agencies to expand market access and improve service quality; improving the quality of human resources through ongoing training, standardizing caregiver competencies, and effective shift management; and strengthening public trust by emphasizing security, transparency, and personalized services.

By implementing these strategies, the daycare industry in Makassar has the potential not only to survive but also to develop into a sector capable of making a significant contribution to improving the quality of early childhood education and family well-being. This research also provides a basis for developing more adaptive, innovative, and sustainability-oriented public policies and business strategies.

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Conflict of Interest

The author declares that there is no conflict of interest of this article.

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