



# DEVELOPING AN ALTERNATIVE MODEL FOR THE RELATIONSHIP AMONG SOCIAL CAPITAL, ADAPTIVE-INTEGRATIVE LEADERSHIP, COMPETITIVE ADVANTAGE, AND ORGANIZATIONAL EFFECTIVENESS

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## ABSTRACT

**Objectives:** *The aim of the present study was to build a model of organizational effectiveness at universities through social capital, adaptive-integrative leadership, and competitive advantage. Methods:* Structural equation modeling (SEM) supported by AMOS 18.0 with maximum likelihood estimation was conducted to test hypotheses on data collected from 130 structural officials working at 28 universities in Central Java. **Results:** *The study revealed that social capital and adaptive-integrative leadership have a significant positive effect on competitive advantage and organizational effectiveness at universities. Conclusion:* *The managerial implication for the universities was to focus on improving the quality of the partnerships with external parties.*

**Key words:** Social capital, Adaptive-integrative leadership, Competitive advantage, Organizational effectiveness.

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## 1. INTRODUCTION

Organizational effectiveness concept is a more crucial concept in understanding organizational sciences. Organizational effectiveness in educational context, particularly at university, is indicated by level of accreditation achievement. Accreditation with the best “A”

predicate may be achieved if the university has successfully attained the required grades. There are various components that required to determining the grades, including university achievement in terms of academic development, student affairs, resources, quality and professional development as well as organizational health. Thus, the accredited university may be considered able to achieve the goals [1-3].

University basically is viewed as an existing and growing organization not only momentarily established but also sustainably for long-term period [4]. Competition is frequently taking place in universities, dealing with number of applicants or prospective students, quality of programs and lecturers, number of research publications and community services as well as cooperation with other institutions. All of those aspects are closely related to accreditation achievement for the best “A” predicate. Thus, the roles of competitive advantage concept at university became a fundamental aspect to achieve its effectiveness. Many studies reported a key source of unique is the organization typical resources which built within a social environment, both in external and internal environment [5-8].

The research result conducted by Tuominen [9] found that social capital may help organization to achieve sustainable competitive advantage by providing the resources to manage institutional dependencies and customer relationship. This finding was supported by Casanueva and Gallego [10] who asserted that social capital frequently arises from internal relationship of intra-organizational networks associated with individual capacity within the network to generate new knowledge and innovations.

Based on the explanation, it is necessary to conduct deeper scientific study on how the organizational effectiveness model through competitive advantage strategy based on adaptive-integrative leadership and social capital at universities. This study is expected to provide more references and practical implications on empirical research of organizational effectiveness model through the development of competitive advantage based on adaptive-integrative leadership and social capital.

## **2. LITERATURE REVIEW**

### **2.1. Organizational Effectiveness**

The concept of organizational effectiveness is the central of analysis upon organizational structure. It has become important construct because: (1) it is used to explain what makes organization has good performance, high quality practice, and productivity [11]; (2) it has been widely studied since the early development of theory of organization [12]; and (3) it is a central theme in all organizational analysis.

According to Cameron [13], there is a possibility to compare organizational effectiveness since there are less general criteria indicating effectiveness which has been labeled as an organizational phenomenon based on various perspectives. Cameron [13] developed an organizational effectiveness assessment model of higher educational institutions in the United States. This model established nine dimensions of organizational effectiveness including: (a) students’ educational satisfaction, (b) students’ academic development, (c) students’ career development, (d) students’ personal development, (e) faculty administration staffs’ satisfaction, (f) faculty professional quality and development, (g) system and community interaction openness, (h) ability to obtain resources, and (i) organizational health.

The implementation of those dimensions varies greatly according to the research characteristics. Cameron instruments’ furthermore adopted by Kwan and Walker [1] to examine the educational institutions in Hong Kong, with some modifications. Those

statements are in line with the guidelines used by the National Accreditation Board of Higher Education (BAN-PT) to assess study programs in Indonesia.

## **2.2. Competitive Advantage**

Day and Wensley [14] defined competitive advantage as a different competition in expertise advantages and resources. While Cravens [15] argued that competitive advantage should be viewed as a dynamic process and not merely as an end result. Competitive advantage has staging processes consisting of advantageous sources, positional advantage, end-result achievement, and investment income to maintain the sustainable advantage by striving hardly to make continuous improvements upon the value given to buyers and or reducing costs in providing products or services.

Competitive advantage may be realized as a harmony between the distinguishing competencies of a company and critical factors to obtain success in industry leading to a company to have better achievements than those of competitors. According to Cravens [15], the sources of competitive advantage are skills, resources, and superior controls. Superior skills enable organizations to select and implement strategies which may distinguish organization and competition.

Organizational competitive advantage may be derived from generic strategy as proposed and developed by Ma [16]. Competitive advantage is the heart of organizational performance in a competitive market. The organizational advantage basically grows from a value or benefit that company may create for its buyers. If advantage may be created through one of the three generic strategies, an organization may obtain its competitive advantage [17].

## **2.3. Adaptive-integrative Leadership**

Adaptive-integrative leadership is defined as leader using several resources to mobilize works, including to direct attention, and to create an environment which supports performance. Adaptive-integrative leadership does not require someone to give answers or provide a vision with the predetermined results. Adaptive-integrative leadership is built on the fact that there is no leadership theory adopting all relational aspects between leaders, followers and organizational environment [18, 19].

Kouzes and Posner [20] support the idea of adaptive-integrative leadership that in the recently dynamic environment, only adaptive individuals and organizations may develop. The adaptive-integrative leadership is critical upon the organizational effectiveness and provides guidance for managers to compete.

An adaptive leader always tries to identify opportunities and challenges, which are combined with internal forces. Leaders give the staffs responsibility to solve the problem, and let them experience external pressure and disagreement among staffs. Leaders also are in charge of protecting and providing directions to manage conflicts and establish norms [21, 22].

## **2.4. Social Capital**

In organizations, there are many members who have adequate knowledge and skills to solve any problems faced. The ability to utilize the members' skills and abilities depend on the quality of the existing network. Social capital theory may be able to explain how to developing relationship within organization both external and internal environment. The

theory asserts that the relationship in social networking may have a positive influence on organizational staff/member and organizational performance [23-26].

Social capital covers three interrelated dimensions including structure, cognitive, and relational aspects. Structural aspect refers to relational establishment between people in organization. Cognitive aspect refers to adoption of shared values, and trust among people in working relationship. Relational aspect refers to a form of effective relationship among people in organization [25, 27].

Social capital has been used to describe aggregate forms, including the nature relationship among members in organization [24, 28], and among organizations and external stakeholders, competitors, or partners [29]. The research shows that social capital aspects are important predictors to performance at organizational level [30, 31].

### **3. RESEARCH OBJECTIVES AND HYPOTHESES**

The objective of the present study is to investigate the effect of social capital and adaptive-integrative leadership on competitive advantage and organizational effectiveness. The empirical evidence has provided strong support to test the hypotheses below:

Hypothesis 1: Social capital has a positive influence on university adaptive-integrative leadership

Hypothesis 2: Social capital has a positive influence on university competitive advantage

Hypothesis 3: Adaptive-integrative leadership has a positive influence on university competitive advantage

Hypothesis 4: Competitive advantage has a positive influence on organizational effectiveness

Hypothesis 5: Social capital leadership has a positive influence on organizational effectiveness

Hypothesis 6: Adaptive-integrative leadership has a positive influence on organizational effectiveness

### **4. MATERIALS AND METHODS**

The population of this study was all accredited study programs consisting of 28 Universities in Central Java. This research focuses on four main variables, including organizational effectiveness, competitive advantage, social capital and adaptive-integrative leadership.

Social capital is measured using nine items which developed by Leana [24] including individual relationship to cooperate, individual relationship to share information, trust among members, understanding of collective purposes, social network, external trust, external social cohesion, obedience upon norms, and social integration.

Adaptive-integrative leadership is measured using four items which developed by Avolio [18], Burke [21], Derue et al. [19], Martono and Wijayanto [2] including good understanding on characteristics and behaviors of organizational members, good understanding on study program, creating synergic resources, viewing an organization as a whole.

Competitive advantage is measured using five items which developed by Porter [32] and Al-Awawdeh [33] including distinctive study program quality, response speed, academic innovation, academic expansion, orientation strategy on stakeholder satisfaction.

Organizational effectiveness is measured using six items which developed by Kwan and Walker [1], Yuniawan [12], Martono and Wijayanto [2] and Accreditation Board of Higher

Education (BAN PT) including improvement of study program service quality, improvement of prospective students' interest, student satisfaction, academic achievement, improvement of lecturers' scientific publications, and improvement of lecturers' achievement.

Data were collected using deep-interviews and questionnaires. In order to test the proposed hypotheses, data were analyzed by using structural equation modeling (SEM) supported by AMOS 18.0 with maximum likelihood estimation.

## 5. RESULTS AND DISCUSSIONS

### 5.1. Description of Respondent Profiles

Based on data from Accreditation Board of Higher Education (2015), 455 questionnaires were distributed to 455 study programs of 28 universities in Central Java through postal service during July of 2015. In result, 161 (35%) questionnaires were returned and only 130 questionnaires were reasonable to analyze.

Table 1 performed that there were 130 respondents who participated in the study with 78 of them from public university and 60 from private university. 78 (60%) of them were male and 52 (40%) females. 59 (45%) of respondents were dominated between the age 41-50 years and 62 (48%) had work experienced 11-20 years. The survey revealed that 100 respondents were master degree and 30 of the hold doctoral degree.

**Table 1** Socio-demographic Profile of Respondents

Variable		Frequency	Percent
University	Public university	78	60
	Private university	52	40
Gender	Male	78	60
	Female	52	40
Age	31-40 years	41	32
	41-50 years	59	45
	> 50 years	30	23
Highest education level	Master	100	77
	Doctoral	30	23
Work experience	1-10 years	26	20
	11-20 years	62	48
	21-30 years	38	29
	> 30 years	4	3

### 5.2. Analysis of Structural Equation Model

A confirmatory factor analysis (CFA) using AMOS 18.0 was applied to test the measurement model. It was necessary used to test the validity, reliability, and normality of the fit model (see Figure 1). The results indicated that the model proposed providing the the best fit. The fit model of hypothesized was sufficient for all groups from both a statistical ( $\chi^2$ ) and practical ( $\chi^2/df$ , RMSEA, CMIN/df, TLI, and CFI values).

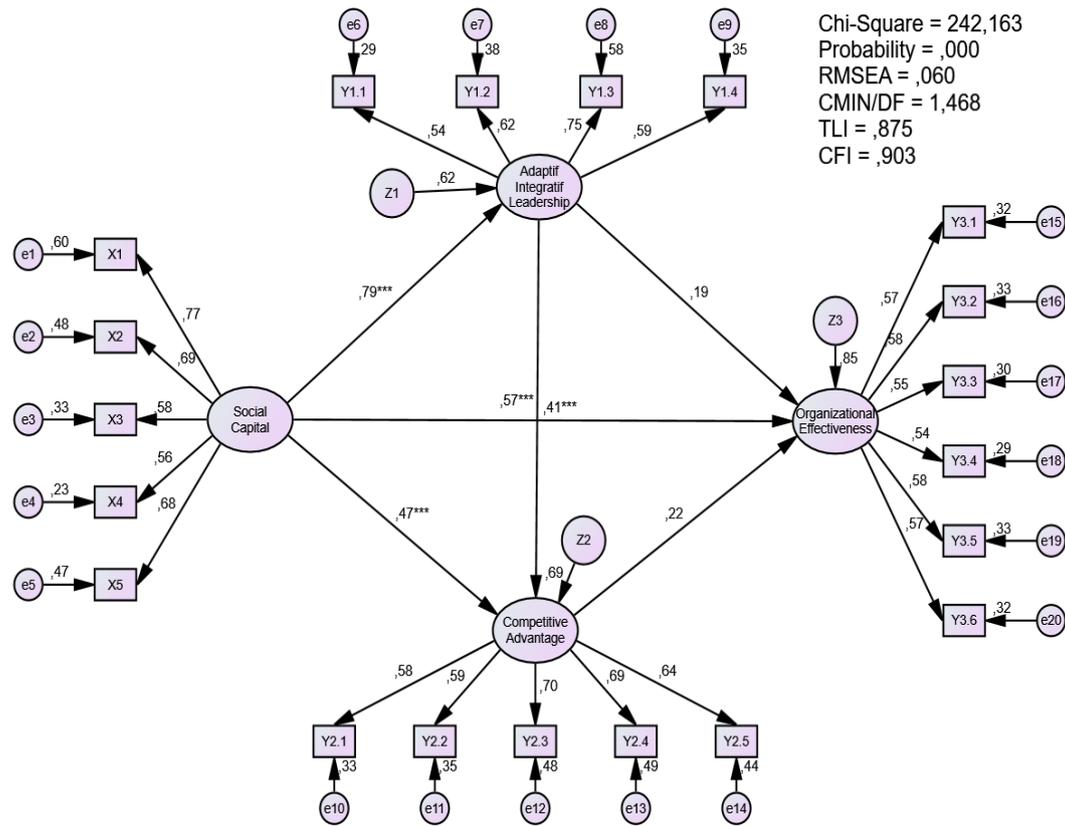


Figure 1 The Result of Proposed Research Model

Table 2 Hypotheses Testing

Hypothesis	Hypothesis	CR and P value	Result
Hypothesis 1	Social capital has a positive influence on university adaptive-integrative leadership	CR = 4.915 $\rho = ****$	Accepted
Hypothesis 2	Social capital has a positive influence on university competitive advantage	CR = 2.377 $\rho = 0.017$	Accepted
Hypothesis 3	Adaptive-integrative leadership has a positive influence on university competitive advantage	CR = 2.071 $\rho = 0.038$	Accepted
Hypothesis 4	Competitive advantage has a positive influence on organizational effectiveness	CR = 1.070 $\rho = 0.285$	Rejected
Hypothesis 5	Social capital leadership has a positive influence on organizational effectiveness	CR = 2.372 $\rho = 0.018$	Accepted
Hypothesis 6	Adaptive-integrative leadership has a positive influence on organizational effectiveness	CR = 0.880 $\rho = 0.375$	Rejected

Based on results of hypotheses testing performed in Table 2, it summarized that H1, H2, H3, and H5 were accepted, while in contrast to the purpose, H4 and H6 were rejected. The findings revealed that social capital not only improve the university organizational effectiveness but also the university competitive advantage. This was in line with the findings of Casanueva and Gallego [10]; Fandino and Machado [34]; Tuominen [9] that social capital may help organization to achieve competitive advantage.

However, the result of this study found non-significant relationship between university competitive advantage and organizational effectiveness. This may be due to universities in

Indonesia, which are more focused on achieving the best accreditation predicate (A), while ignoring its existence in education. This finding seems to be in contrast from the results of Oliver [35] which concluding the competitive advantage significantly affect the effectiveness of the organization.

This study also found that the improvement of adaptive-integrative leadership may improve the university competitive advantage. It reflects that the adaptive-integrative leadership which demonstrated through the leaders' ability to understand organizational members, study programs, synergistic resource creation and to see the overall course of study may improve and promote university competitive advantage. The influence of maintaining relationship among members of organization with external parties may not be directly felt in a short period of time. There is a quite long process to form an isolating mechanism which is able to improve the organizational effectiveness.

## 6. CONCLUSIONS AND SUGGESTIONS

Based on the research results, this study confirmed that social capital and adaptive-integrative leadership have a significant positive effect on competitive advantage and organizational effectiveness at universities. Therefore, the managerial implication for the universities was to focus on improving the quality of the partnerships with external parties. Despite the useful findings of the present study, this empirical study has limitation should be noted. It was asserted to the causal direction among the constructs proposed in the model because the cross-sectional study did not allow inferences about the causality in the observed. Future studies should be conducted to deeper examine and ensure the development of understanding in the relationship between social capital, adaptive-integrative leadership, competitive advantage and organizational effectiveness.

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