BUILDING COMPETITIVE ADVANTAGE TO INCREASE ORGANIZATIONAL PERFORMANCE: A LESSON FROM THE PRIVATE UNIVERSITY IN MEDAN

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ABSTRACT

Universities are the centers of higher education that serve as a place of care, coaching, science, technology and art development and hope to improve the quality of society, nation, and state life. In order to produce qualified graduates, the university must have high performance. In North Sumatra, many established universities have yet to be included in the category ten best universities in Indonesia.

Every private university in Medan City has resources. It is just that not all universities can manage this resource optimally. The present study focuses on the management of internal resources of private universities that can serve as a competitive advantage to improve the performance of private universities in Medan City. This study covers (1) differentiation services, (2) knowledge management, (3) partnerships, (4) social media marketing, (5) competitive advantage, and (6) university performance.

The population of this study was head of the study program at private universities in Medan with a minimum accreditation C. Sample selection in this study was conducted by multi-stage sampling technique ranging from the selection of private universities with purposive sampling, and the chair of the study program using accidental sampling. The number of samples in this study was 124 head of the program. Data analysis uses descriptive statistics and Structural Equation Modeling (SEM).

The results of the study conclude: (1) differentiation services have a positive and significant effect on the competitiveness of private universities in Medan City, (2) knowledge management has positive and significant effect on the competitiveness of private universities in Medan, (3) partnerships have a positive and significant effect on excellence (4) social media marketing has positive and significant effect on the competitive advantage of private universities in Medan City, (5) differentiation services have a positive and significant effect on private university performance in Medan City, (6) knowledge management has a positive effect (7) partnerships have positive and significant impact on the performance of private universities in Medan City, (8) social
**media marketing has a positive and significant influence on the competitive advantage of private universities in Medan City, (9) competitive advantage has positive and significant to the performance of private universities in Medan City, (10) Partnerships have an indirect influence on university performance through competitive advantage.**

**Keywords:** Service oyalty, Differentiation, Knowledge Management, Partnership, Social Media Marketing, Competitive Advantage, Organizational Performance.

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1. INTRODUCTION

Organizational performance has positively associated with competitive advantage. Competitive advantage can also improve organizational performance (Agha & Alrubaiee 2012). Wang and Lo (2003) measure organizational performance by using an efficient organization internal process. Different organization resources and capabilities affect a business (Morgan et al., 2004). The study reveals that key resources and capabilities are related to each other and directly related to the company's competitive strategy choices.

Research from Wang and Lo (2006) has tested the relevance of competitive advantage with the organization's performance regarding sales. Sales performance is measured from the level of sales revenue, profitability, Return on investment, yield, value-added products, and market share. Scholars such as Ismail et al., (2010) have revealed that managers have a role in keeping firms competing and gain competitive advantage. The attention of managers for improving organizational performance is that they can manage every dimension of core competencies such as shared vision, cooperation, and empowerment. Scholars such as Ma (2000) have asserted that in managing a competitive advantage should be good to achieve superior performance. There are several reasons why organizations cannot have high performance, while they have a competitive advantage. The first reason is a company that has a competitive advantage but fails to develop it into the compound advantage. Second, the company has failed to exploit the potential of such an advantage, thirdly if the company has some competitive advantage but fail to make the right combination. Fourth, companies intentionally sacrificed the competitive advantage.

Sustainable competitive advantage cannot always be a decisive factor in competition, because of rapid technological developments and market changes tend to change constantly — the advantage that was once difficult to imitate, ultimately because technological developments made things finally imitated (Mcgrath 2013). The pursuit of competitive advantage is a central theme in strategic management (Furrer, 2008; Hoskisson et al., 1999; Porter, 1996). The definition of strategic management as a series of decisions and actions resulting in the formulation and implementation of strategies designed to achieve organizational goals (Pearce and Robinson 1988). Strategic management is related to corporate or organization performance determination, strategic choice, and competitive advantage. A strategic decision for determining the markets in which the organization participates and where the position of the organization is in the market.

The companies have the potential to produce competitive advantage, i.e., resources must have four attributes: (a) has value or value, (b) rare, (c) must be imitated, and (d) there is no substitute (Barney 1991). There are several resources that can enhance competitive advantage
such as, quality of service (Waraich 2013, Yeboah 2014), service differentiation (Rahman 2011; Kurniati et al 2015, 2015), knowledge management (Bratic 2009; Mahdi et al 2011; Gitchuke 2014; Kaveh 2015), social media marketing (Aimiwu 2009; Smith 2010; Abdullah 2015; Durga 2015; Maiki 2016). Therefore, the present study will investigate the effect of service differentiation, knowledge management, social media marketing and partnerships on competitive advantages and university performance. Changes that have taken place in the global business environment have led to the intensity of competition among universities.

Services are a variety of actions or performance that organizations can offer to others and services are intangible and do not result in ownership of something (Kotler and Keller 2016). Services as an economic activity can create value and provide benefits to customers at certain times and places (Lovelock (2004). Services will be more difficult to evaluate the quality of its services compared to products (Kartajaya and Hardy 2016). The knowledge service organization is used to build a competitive advantage within an organization (Mills and Snyder 2010). Competitive advantage is a dynamic process that is carried out continuously and tends to present a barrier to be difficult to imitate (Hasan 2008). Besides, an organization's competitive advantage should be designed to provide value-added and consumer solutions (Mills and Snyder, 2010).

Competitive advantage is a factor in which a university can be superior to its competitors within a competitive environment. The high level of competition encourages the university to be creative and innovative in compiling the various programs offered. Starting from quality learning, facilities, and infrastructure, student activity units that drive student leadership skills, entrepreneurship and soft skills as well as supported service quality that adopt the advancement of information technology. Also, private universities should be able to accommodate the industry's need for graduates' competence. Thus the curriculum, teaching practices, teaching materials, and teaching targets should be in line with the requirements of the graduates (Tobari, 2015). Competitive advantage is closely related to competing strategies. Competitive strategy is a strategy that focuses on increasing the competitiveness of the company's products and services in particular industries or market segments that the company serves and addresses the problem of how the company and its units can compete in business and industry (Hunger and Wheelen, 2001).

Competing strategies are the steps towards the environment within which the organization faced by responding through an appropriate strategic, thereby reducing external influences and bringing organizations in the real direction (Langabeerl and Napiewocki 2000). Sriwan et al. (2015) describe differentiation strategies, cost leadership, quick response, and market focus associated with overall operational success referring to increased competitive advantage. The differentiation strategy involves the company to create a product or service that is considered unique in some aspects, i.e., customer value to create competitive advantage (Dirisu et al. 2013).

Also, strategic resources such as knowledge management can also be a competitive advantage of colleges. In achieving competitive advantage, knowledge management is essential to assist organizations in developing innovative products. It is recommended that knowledge management is used as an essential business tool for competitive advantage and in turn, encourages economic growth (Gichuki 2014).

Sustainable competitive advantage depends on building and utilizing core competencies. The resource-based view (RBV) defines that strategic assets are as rare, valuable, irreplaceable and irreplaceable assets. Knowledge as a strategic asset has the potential to be a source of competitive advantage for an organization. Knowledge management can be used to create a competitive advantage of the company RBV (Halawi et al. 2005).
Based on previous research, the main issues in the study are formulated as follows:

RQ 1: How does service differentiation affect the competitive advantage of private universities?
RQ 2: How does knowledge management influence the competitive advantage of private universities?
RQ 3: How does the partnership affect the competitive advantage of private universities?
RQ 4: How does social media marketing influence on the competitive advantage of private universities?
RQ 5: How does the differentiation of services affect the performance of private universities?
RQ 6: How does knowledge management influence the performance of private universities?
RQ 7: How does the partnership impact on private university performance?
RQ 8: How does social media marketing influence the performance of private universities?
RQ 9: How does the competitive advantage affect the performance of private universities?
RQ 10: How does service differentiation, knowledge management, partnership or social marketing affect the performance of private universities through a competitive advantage in Medan?

2. LITERATURE REVIEW

2.1. Service Differentiation and its relationship with Competitive Advantage

Differences are not only done on physical products, but companies can also differentiate their services. If physical products are not easily distinguishable, the key to success in the competition is in services that add value to customers and improve their quality. In this case is the main difference among service companies. Some of the differentiated services that can be made by a manufacturing company are as follows (Kotler & Keller, 2007): (1) Ordering ease (2) Delivery (3) Installation (4) Customer training (5) Customer consulting (6) Maintenance and repair. These dimensions are adopted and adapted to the dimensions of service differentiation in University. Differentiation of the service is not less valuable because service is the process of delivering a product to the consumer directly “moment of truth.” Quality of service determines consumer satisfaction and perception of the company. Therefore, the process of adding a variety of enterprise services as a differentiation must be considered to the smallest detail. Starting from pre-service, service process, and post service.

Differentiation strategies, cost leadership, quick response, and market focus associated with overall operational success refer to increased competitive advantage (Siriwan et al., 2015). The differentiation strategy also involves the company to create a Product or service, which is considered unique in several aspects i.e. Customer value to create competitive unity (Released, et al., 2013). The implementation of differentiated services in the banking world is to remain competitive and profitable, Chinese banks should be more innovative in offering products and services to their customers. Banks around the world have harnessed the technology to develop the Business in challenging environments as currently faced by banks in China. A secure information system in support of client relationships and service quality is also a competitive advantage. (The Asian Banker, 2014).
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The differentiation strategy is based on the provision of buyers with something different or unique, which makes the company's product or service different from its competitors. The differentiation of higher education is a direct and positive impact on the competitive advantage of these findings that differentiation is depicted in terms of content, context, and structure that have value, product rarely, no substitute and difficult to replicate by competitors (Kurniaty, 2015). Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H1: Differentiation has a positive and significant effect on Competitive Advantage

2.2. Knowledge Management and its relationship with Competitive Advantage
Knowledge management is a process that assists the company's identity, selects, organizes, distributes, and sends essential information and expertise including part of the organization's memory that lies in the organization (Turban et al. 2010). Knowledge management is a process of human activity that is related to knowledge but does not deal with the unique nature of different types of knowledge, or relative importance of different knowledge within an organization. Keeping the balance of different knowledge is very important (Chen et al. 2010).

Another definition of knowledge management is the process of creating or placing knowledge, managing the deployment and use of knowledge within the organization. From the conclusion, knowledge management is positively related to the success of an organization, especially in manufacturing companies (Gregory et al. 2010). According to Probst et al. (2010) knowledge identification is divided into three stages: (1) Structural knowledge, (2) Functional knowledge, (3) Behavioral knowledge.

Strategic resources of Universities can also be a competitive advantage. One such strategic resource is knowledge management. In achieving competitive advantage, knowledge management is essential in supporting organizations in developing innovative products. It is recommended that knowledge management is used as an essential business tool to gain competitive advantage and in turn encourage economic growth (Gichuki, 2014). We are not only in the new millennium but also in the new era of knowledge age. Sustainable competitive advantage depends on building and utilizing core competencies. A resource-based view (RBV) of the company defines that strategic assets are as rare, valuable, imperative and irreplaceable assets. Knowledge is viewed as a strategic asset with the potential to be the source of competitive advantage for an organization. Knowledge management can be used to create a competitive advantage of the company RBV (Halawi et al. 2005). Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H2: Knowledge Management has a positive and significant effect on Competitive Advantage

2.3. Partnerships and its relationship with Competitive Advantage
Likewise, the partnership in the opinion of Chan (1993) stipulates strategic partnership as an inter-contractual agreement to cooperate in achieving the goals without depending on the form of collaboration to be taken by the company (Chan 1993). Inter-firm relationships represent the existence of partnerships viewed as a central thing for a company to face global competition and to enter new markets (Vyas et al. 1995).

Most universities follow the above to raise the university's brand to be more recognizable to the public. To find a colleague with a vision and mission by a university plan then associates for partnership should have compatibility, competencies, commitment. The most effective compatibility is how the university cooperates in an event where profitability should have balanced across institutions. The most effective competencies are how a cooperative university
makes a piece of work appropriate to the university's needs. The most effective commitment is how the university cooperates in contractual agreements and commitments to implement them.

The relationship between partnerships with Competitive Advantage (CA) included in the theory. Mulcahy. A (2009) stated that partnerships did not only represent the fundamental elements of the company's go-to-market strategy but they can potentially be a source of competitive advantage. According to Doina et al. (2012), through a potential partnership of competitive advantage achieved in four ways: mutual investment, knowledge sharing, complementary resources, and effective management. Regarding the sharing of knowledge, one of the common reasons for getting into the partnership is to learn from partners. However, learning requires partners to cooperate in transferring knowledge. The company may effectively address environmental uncertainties and ambiguities, proactively repositioning in competitive markets and minimizing transaction costs through strategic partnerships and enhancing competitive advantage (Wanjiru 2008), many companies have come to rely on strategic partnerships as the need to maintain a competitive advantage and create customer value. The company combines several resources and strategic partnership capabilities to create competitive advantage. Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H3: Partnership has a positive and significant influence on Competitive Advantage

2.4. Social Media Marketing and its relationship with Competitive Advantage

Social media marketing dimensions used in this study are based on the dimensions of social media marketing referring to As'ad and Alhadid: online communities, interactions, sharing of content, accessibility, and credibility. Online communities are described as communities around an interest in the same product or business that is built on social media. The similarity of the interest of its members to share useful information. Most importantly, the community prioritizes the purpose of sharing information rather than commercial, influenced by members' opinions. Participating active followers on social media help improve content. Interaction refers to the ability to add or invite friends or colleagues to a network where followers can connect, share and communicate with each other in real-time. Sharing of content pertains to the scope of individual exchange, distribution, and acceptance of content in social media rules, in which content allows in the form of images, videos or status updates. Accessibility refers to ease of access and minimal cost to use social media that can enable users with online access to be able to start or participate in social media discussions. Credibility is described as a message delivery that clearly articulates the brand to build credibility over what is being communicated or performed emotionally related to the target audience.

In addition to service differentiation, knowledge management, and partnerships, private universities also need to empower social media as a marketing medium for the private university. For example, a study on banking services shows how Turkish banks use social media tools such as Facebook, Twitter, YouTube, and Blogs to create a competitive advantage in Turkey. The results show that 38% of banks have Facebook accounts, 36% have Twitter accounts, 16% have LinkedIn. The Bank utilizes social media as an information medium, how banks communicate with their customers about Corporate Social Responsibility (Mucan and Ozelturkay, 2014). Four strategies will help managers to understand and appreciate the use of social media in order to build a competitive advantage. Four strategies to use social media to achieve competitive advantage are (a) using social media to invite customers, (b) marketing good products for social media, (c) having valuable discussions on social media, and (d) developing best Attitude for successful social media (Aimiewu, 2012). Based on explanations and previous studies, the authors developed the research hypothesis as follows:
H4: Social media has a positive and significant effect on Competitive Advantage

2.5. Knowledge Management and its relationship with Organizational Performance

Knowledge management has a positive influence on organizational performance through innovation development. The survey results show that the implementation of knowledge management in innovation development has a significant effect on organizational performance (Gómez 2011). Young in his research at several shipping companies in the United States mentions that knowledge management implementation has significantly affected organizational performance because knowledge management can develop innovation and efficiency (Young, 2016). The effect of knowledge management can also be seen in small and medium enterprises in Surabaya, Indonesia, where knowledge management implementation has positively influenced the organization's performance (Suryaningrum, 2012). Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H5: Knowledge Management has an influence on University Performance.

2.6. Service Differentiation and its relationship with Organization Performance

Differentiation of services has an effect on the organization's performance on 33 manufacturing industries in Jordan (Aliqah, 2012). Another study also mentions that service differentiation applied by workers has an effect on organizational performance (Kampkötter and Sliwka, 2011). These different and valuable services are caused by the motivation of incentive schemes and bonuses that ultimately lead to increased employee performance.

The differentiation strategy also has a significant effect on the organization's performance. (Atikya et al. 2015) The results of the survey from 131 industrial companies in Nairobi with the Generic Strategic porter approach conclude that differentiation strategies can achieve high performance. In the hotel industry, the implementation of differentiation strategies can also improve performance (Hatane and Siagian, 2017). Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H6: Differentiation of Services has an influence on University Performance

2.7. Partnerships and its relationship with Organizational Performance

Partnership and performance relationships are examined by Piva and Colombo et al. (2010), where high-tech companies need the cooperation of various parties in the field of research and development to find innovations or product development. The goal is to improve organizational performance. Another study by Wilson (2014) at a Canadian biotechnology company found that partnership and market orientation positively and significantly affected business performance. Likewise, disclosed Pangarkar (2003) that the creation of new products resulting from the success of alliances or cooperation would enhance organizational performance. Based on explanations and previous studies, the authors developed the research hypothesis as follows:

H7: Partnerships have an influence on University Performance.

2.8. Social Media Marketing and its relationship with Organization Performance

The social media marketing relationship to organizational performance is through marketing performance itself (Oztamur, 2014). The study was conducted with a survey of four American and Turkish companies using social media such as Facebook and Twitter and the company's marketing strategy. Other studies have investigated the relationship between social media marketing to Return on Investment (ROI), but it has no significant effect (Pradiptarini, 2011).
She has argued that the performance of social media marketing cannot be linked to financial analysis because social media marketing relates to their customers. Based on explanations and previous studies, the authors developed the research hypothesis as follows:

**H8:** Social media marketing has an influence on University Performance.

### 2.9. Competitive advantage and its relationship with organizational performance

Performance is an overview of the achievement level of an activity or program or policy to realize the goals, objectives, mission, and vision of the organization listed in the organization's strategic planning (Mahsun, 2006). Organization performance consists of several dimensions: (1) Productivity (2) Quality of service (3) Responsiveness (4) Responsibility (5) Accountability (6) Efficiency (7) Effectiveness, (8) Fairness.

The relationship between the competitive advantage and the performance of the organization is related to theory. Agha and Alrubaiee (2012) stated that to remain competitive and to achieve competitive advantage, managers should try to improve organizational performance by managing each of the core competencies dimensions, including a shared vision, co-operation, and empowerment. Core competence is a significant determinant of the competitive advantage of the organization. Competitive advantage with flexibility and responsiveness positively affects the performance of the organization. To achieve a competitive advantage that is not only compatible with their business rivals' but also beyond the industry's average performance, business organizations must understand the relationship between the internal strengths and weaknesses of their organization, as well as the potential impact on their company's competitive advantages and performance. In other words, competitive advantage is considered part of the base for high-level performance. In the era of rapid technological advancement and information systems, resources and outsourcing products, and globalization, company size will have an impact on the relationship between competitive advantage and organizational performance.

Majeed (2011) stated that RBV is a competitive advantage of the company and one of the key strategic related management strategies to explain the complex relationship of competitive advantage and corporate performance. Intermediate management synchronization with competencies related to higher performance is essential to oversee management. To achieve high performance, according to Al-Alak and Tarabieh (2011), managers should identify and understand strategic orientations such as market orientation to enable companies to reach a competitive advantage that leads to organizational performance. In order to improve organizational performance, differentiation of innovation is relatively more important than focusing on market differentiation. Also, it can be done simultaneously to achieve a competitive advantage that leads to higher organizational performance. Based on explanations and previous studies, the authors developed the research hypothesis as follows:

**H9:** Competitive Advantage has a positive and significant effect on University Performance.

**H10:** The partnership has an indirect influence on university performance through competitive advantage.

### 3. RESEARCH METHODS

The present study used descriptive and explanatory survey methods. Justification of the survey method is due to data for descriptive research with survey technique (Zikmund et al. 2009). Besides, survey methods relate to the recommended criteria and research objectives that should provide accurate and scientific results (Malhotra, 2007; Sekaran and Roger, 2010; Zikmund et
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al., 2009). The type of investigation used is causality. The purpose of this research is to describe differentiation, partnership, knowledge management, social media marketing, competitive advantage and the performance of private universities in Medan City. The analysis tool used is Partial Least Square-Path Modeling (PLS-PM). This type of variable measurement uses the Likert Scale Summated Rating with Interval scale (Cooper et al., 2003; Sekaran & Bougie, 2010). Data analysis uses hypotheses to test with Partial Least Square Path Modeling (PLS-PM).

4. RESULTS & DISCUSSION

4.1. Results

Table 1: Results of Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 - Differentiation of Services</td>
<td>0.752</td>
</tr>
<tr>
<td>X2 - Knowledge Management</td>
<td>0.548</td>
</tr>
<tr>
<td>X4 - Social Media Marketing</td>
<td>0.586</td>
</tr>
<tr>
<td>Y - University Performance</td>
<td>0.531</td>
</tr>
<tr>
<td>Z - Competitive Advantage</td>
<td>0.562</td>
</tr>
<tr>
<td>X3 - Partnership</td>
<td>0.589</td>
</tr>
</tbody>
</table>

Source: Data Processing by SmartPLS v.3.2.1

Table results of Average Variance Extracted presents the overall variable is higher rather than 0.5.

Table 2: Results of Composite Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 - Differentiation of Services</td>
<td>0.973</td>
</tr>
<tr>
<td>X2 - Knowledge Management</td>
<td>0.906</td>
</tr>
<tr>
<td>X4 - Social Media Marketing</td>
<td>0.934</td>
</tr>
<tr>
<td>Y - University Performance</td>
<td>0.953</td>
</tr>
<tr>
<td>Z - Competitive Advantage</td>
<td>0.926</td>
</tr>
<tr>
<td>X3 - Partnership</td>
<td>0.895</td>
</tr>
</tbody>
</table>

Source: Data Processing by SmartPLS v.3.2.1

The above table shows that overall constructs have a composite reliability value above 0.7 or have fulfilled the discriminant validity criteria.
Table 3: Direct Effect

|                          | Original Sample (O) | Sample Mean (M) | Standard Error (STERR) | T Statistics (|O/STERR|) | P Values |
|--------------------------|---------------------|-----------------|------------------------|-------------------------|----------|
| X1 - Differentiation of Services -> Y - University Performance | 0.214               | 0.211           | 0.067                  | 3.197                   | 0.001    |
| X1 - Differentiation of Services -> Z- Competitive Advantage | 0.194               | 0.253           | 0.087                  | 2.084                   | 0.046    |
| X2 - Knowledge Management -> Y - University Performance | 0.295               | 0.294           | 0.082                  | 3.597                   | 0.000    |
| X2 - Knowledge Management -> Z- Competitive Advantage | 0.243               | 0.240           | 0.105                  | 2.302                   | 0.022    |
| X4- Social Media Marketing -> Y - University Performance | 0.202               | 0.213           | 0.088                  | 2.287                   | 0.023    |
| X4- Social Media Marketing -> Z- Competitive Advantage | 0.218               | 0.201           | 0.113                  | 2.203                   | 0.034    |
| Z- Competitive Advantage -> Y - University Performance | 0.405               | 0.394           | 0.092                  | 4.397                   | 0.000    |
| X3- Partnership -> Y - University Performance | 0.198               | 0.202           | 0.080                  | 2.481                   | 0.013    |
| X3- Partnership -> Z- Competitive Advantage | 0.243               | 0.246           | 0.105                  | 2.300                   | 0.022    |

Source: Data Processing by SmartPLS v.3.2.1

Table 4: Indirect Effect

|                          | Original Sample (O) | Sample Mean (M) | Standard Error (STERR) | T Statistics (|O/STERR|) | P Values |
|--------------------------|---------------------|-----------------|------------------------|-------------------------|----------|
| X1 - Differentiation of Services -> Z- Competitive Advantage | 0.063               | 0.006           | 0.039                  | 1.626                   | 0.105    |
| X1 - Differentiation of Services -> Y - University Performance | 0.098               | 0.095           | 0.022                  | 2.216                   | 0.027    |
| X2 - Knowledge Management -> Z- Competitive Advantage | 0.098               | 0.097           | 0.028                  | 1.865                   | 0.063    |
| X4- Social Media Marketing -> Z- Competitive Advantage | 0.052               | 0.055           | 0.030                  | 1.132                   | 0.258    |

Source: Data Processing by SmartPLS v.3.2.1

Table 4 presents that the differentiation of services to university performance has a positive direct effect on the value of the coefficient is -0.063, the level of significance of p-value is 0.105. The T-statistics value shows that the indirect influence is 1.626 lower than 1.96. The outcome explains that service differentiation has indirect influence or through positive intervening variables but insignificant to the performance of private universities.
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The partnership with university performance has a positive indirect effect with the coefficient value of 0.098; the p-value significance level is 0.027. The T-statistics value explains that this indirect influence is 2.216 higher than 1.96. These results clarify that partnerships have an indirect effect or through intervening variables that are positive and significant to the performance of private universities.

Knowledge Management to university performance has a positive indirect effect with a coefficient value of 0.098; p-value significance level is 0.063. The T-statistics value shows that this indirect effect is 1.865 lower than the recommended value of 1.96. The results explain that Knowledge Management has an indirect impact or through intervening variable which is positive and insignificant to the performance of private universities.

Social media marketing towards university performance has a positive indirect effect with the coefficient value of 0.052, the significance level of p-value is 0.258. The T-statistics value explains the indirect effect of 1.132 lower than 1.96. The results explain that social media marketing has indirect effects or through intervening variables that are positive and insignificant to the performance of private universities.

4.2. Discussion

4.2.1. The effect of service differentiation on the competitive advantage of private universities in Medan, Indonesia.

Data analysis results show that service differentiation has a path coefficient value of 0.194, the t-statistic value of 2.084 is higher than the t-table value of 1.96. The empirical findings show that service differentiation has a positive and significant effect on the competitive advantage of private universities in Medan. Differentiation of private university services has a mean value of 4.332. The results explain that the differentiation of private university services in Medan has different service values among universities. Different perceptions may be due to service differentiation has become the competitive advantage of private universities in Medan City. Indicators that have formed service differentiation are (1) registration, (2) teaching and learning process, (3) career service, (4) training, (5) academic and administrative services, (6) alumni service. A good score cannot necessarily be a winning element if it is still in the same category in every university. Differentiation of services should provide different, unique and quality services. Differences and uniqueness enable the university to achieve the expected benefits. The key to the success of competition lies in the quality service that may provide value added to customers.

Strategies of differentiation, cost leadership, quick response and market focus are associated with the overall success of the operation which refers to the increased competitive advantage. (Siriwan et al. 2015). The differentiation strategy also involves the company to create a product or service, which is considered unique in some aspects, namely customer value to create competitive advantage (Dirisu et al. 2013). Unique services in the course of study may be seen in the complicated process of registration. For example, a new student registration process at some universities is directly assisted by senior students assigned by the new student admissions committee. A personalized approach to students is difficult to imitate because it has a different way. Also, another unique service is the closeness built by the alumni study program. Proximity can be built through the alumni meeting and sharing job information. It will build an intangible asset that is difficult to duplicate by another study program. There is even a private university in Medan City where prioritizes graduates from the university to work as an educational and lecturer. The factor can be a different service for each graduate because it feels the immediate proximity to the university. From the results of the research, there can be
concluded that the value of differentiation of university services can be considered unique and quality by the customer so that its competitive advantage. It is in line with the study by Dirisu et al. (2013). The differentiation of higher education is a direct and positive impact on the competitive advantage of these findings that differentiation is represented regarding content, context, and structure that have value, product seldom, no substitute and difficult imitated by competitors (Kurniaty 2015)

From the results of this study, it can be seen that differentiation offered by each private university in Medan has its unique and can only be found in the university. Customer perceptions of services provided by universities are felt differently and provide positive value. It is in line with the study by Kurniaty (2015). The implication of this research is the differentiation service is one of the factors that can increase the competitive advantage of college. Service differentiation in college can be realized by making the registration process easy and fast, a good learning process by completing advice and learning infrastructure as well as lecturers who teach according to competence.

Furthermore, it is necessary to make career services, academic services, and alumni services to provide satisfaction to users, in this case, is a student. The proximity of study programs with alumni will have a positive impact among others to be a bridge between study and university. Satisfaction with different and quality service will impact on competitive advantage.

4.2.2. The effect of knowledge management on the competitive advantage of the private universities in Medan, Indonesia.

The result of data analysis shows that knowledge management has a value of path coefficients is equal to 0.243 and the value of t-statistics is equal to 2.302. This t-statistic value is higher than the t-table value is equal to 1.96.

The results confirm that knowledge management has a positive and significant effect on the competitive advantage of private universities. Generally, the value of knowledge management of private universities in Medan City has been good with average value is equal to 4.260. It suggests that knowledge management at private universities has good quality, and has the uniqueness of every private university. Knowledge management is measured from (1) knowledge storage, (2) access to knowledge, (3) knowledge environment and (4) knowledge as an asset.

Various programs undertaken by the study program to improve the quality of knowledge management are conducted with Focus Group Discussion, seminars and workshops. Also, the results of research and community service have been deposited at university repositories aimed at using the university's academic community. In order to achieve competitive advantage, knowledge management is essential in supporting organizations to develop innovative products. It is recommended that knowledge management be a way of achieving a competitive advantage that ultimately can stimulate economic growth (Gichuki 2014). The knowledge management value created from the university's strategic resources has made it different from the others and produces innovative products such as diverse and quality program offerings.

Knowledge management is utilized to create competitive advantages from RBV companies (Halawi et al. 2005). Sustainable competitive advantage depends on the formation and utilization of core competencies. The company's resource-based view has defined that strategic assets are rare, valuable, irreversible, and unchangeable.

Business strategies, policies, and practices may be implemented in the education sector. The reason is that educational institutions as an institution that generates knowledge and knowledge are intellectual assets as the capital of human resources capable of improving the quality and competitiveness of the organization. Private universities are knowledge gatherers
who have a crucial role in supporting a knowledge-based economy — elements in knowledge management such as creation, transfer, and maintenance of knowledge oriented to improve the quality and capability of human resources based on innovation towards competitive advantage.

Knowledge is the basis where the organization's competitive advantages are being built to be valuable not because of the information brought, but the actions and the ability to decide how to implement the knowledge management should be through a cultural and structural approach that focuses on the creation of culture, policy, and technology development tools.

This case is in line with Petrides & Nguyen's statement that "Implementing knowledge management strategies and practices require these educational institutions to examine the broader context of information sharing within the organization, especially how their people, processes, and technology function within it (Petrides & Nguyen 2006 ).

The implementation of knowledge management in private universities is considered a strategy that involves people, processes, and technological functions within them to respond to the challenges and demands of the information-focused community. In a broader context, it is necessary to apply knowledge management strategies and practices to share information among members of the organization related to accountability and service quality.

A scholar such as Dalkir state that knowledge management is the deliberate and systematic coordination of an organization's people, technology, processes, and organizational structure to add value through reuse and innovation (Dalkir 2005). Knowledge sharing at private universities on socialization aspects of individual tacit knowledge is shared through shared experiences in everyday social interactions to create new tacit knowledge through meetings, workshops, seminars. The goal is to create science, technology, art, and humanitarian science to lead the development and change of society ethically. Externalisation is done to articulate tacit knowledge into explicit knowledge.

4.2.3. The effect of partnership on the competitive advantage of private universities in Medan, Indonesia.

Data analysis results show that the partnership has a value of the coefficient of the path is equal to 0.243, and the value of t-statistics is equal to 2.300. The t-statistic value is higher than the t-table value is equal to 1.96. It proved that the partnership had a positive and significant influence on the competitive advantage of private universities. The partnership not only represents the fundamental element of the company's go-to-market strategy but it can potentially be a source of competitive advantage (Mulcahy 2009).

Partnership as a potential competitive advantage is achieved in four ways: joint investment, knowledge sharing, complementary resources, and effective management (Doina et al. 2012).

Companies that effectively handle environment uncertainty and ambiguity, proactive repositioning in competitive markets and minimizing transaction costs through strategic partnerships enhance the likelihood of maintaining a competitive advantage. Private universities combine several resources and strategic partnership capabilities to create a competitive advantage (Wanjiru 2008). The strategic partnership is to transfer the knowledge whose purpose is to enhance the competitive advantage (Mendoza et al. 2014).

Likewise, the cooperation with education institutions with international institutions is to improve the quality of learning and to enhance the competitive advantage of universities (Mansor 2009). In co-operation should pay attention to the compatibility of both parties. By utilizing the resources of both parties that also use technology then this cooperation can create synergies to achieve the goal. The use of synergistic technology should increase the success of cooperation (Westera et al. 2004) It is necessary to improve the quality of research as strategic
alliances in college (Kettunen 2016). The effort to achieve the goal of cooperation is that both parties should have to maintain the commitment, trust, control, and compatibility. (Pansiri 2007). The research results imply that partnership is a factor that can enhance the competitive advantage of a private university in Medan. In order for the partnership to be maintained well then the university should maintain a mutually agreed commitment. Partnerships can increase their competence by transferring knowledge and also improving the quality of research in the university. Universities also utilize the compatibility of each party to synergize to achieve partnership goals.

4.2.4. The effect of social media marketing on the competitive advantage of private universities in Medan, Indonesia.

Data analysis results show that social media marketing has a value of path coefficients equal to 0.218 and t-statistics value equal to 2.084. The t-statistic value is higher than the t-table value that is equal to 1.96. The results confirm that social media marketing has a positive and significant effect on the competitive advantage of private universities in Medan City.

Private universities need to utilize social media as a channel of information related to private Universities activities. That is in line with the research findings from Mucan and Ozelturkay (2014) who mentions social media marketing through Youtube, Twitter, Facebook or online media line can be a private university marketing tool.

There are four strategies that will help managers to understand and appreciate the use of social media in building a competitive advantage (a) using social media to invite customers, (b) marketing good products for social media, (c) having meaningful conversations for social media, and (d) develop the best Attitude for successful social media (Aimiewu, 2012). Social media marketing should pay attention to the content, context, connectivity, and continuity (Anizir and Wahyuni, 2017). Social media marketing affects student decisions in selecting universities or courses offered (Stagno 2014). Social media marketing is not just putting comments on facebook, but more implications for the organization is to improve marketing and sales (Singla and Durga 2015)

This research implies that social media marketing is one of the factors that can increase competitive advantage. Therefore, private universities should conduct social media marketing properly — social media marketing made by building online communities, maintaining interactions between university and followers. Similarly, sharing information on social media, keeping media access easily and maintaining the credibility of a study program or university by monitoring all activities on social media. Social media marketing should be a means of promoting study programs to publish events in the media to build a positive image of society.

4.2.5. The effect of differentiation of services on private universities performance in Medan, Indonesia.

Data analysis result shows that service differentiation has a value of path coefficient of 0.214 and t-statistic value of 3.197. This t-statistic value is higher than the t-table value of 1.96. The result proves that service differentiation has a positive and significant effect on performance at private universities in Medan City.

These findings are in line with the study of Aliqah (2012), which he has proven to differentiate the Service to the Organization's Performance on 33 manufacturing industries in Jordan. The results of similar studies indicate that service differentiation applied by workers affects organizational performance (Kampkötter and Sliwka, 2011). This different and valuable service is due to the motivation of incentive schemes and bonuses that ultimately lead to increased employee performance.
The differentiation strategy significantly affected the organization's performance Atikya et al. (2015). The results of the survey from 131 industrial companies in Nairobi with the Generic Strategic porter approach have concluded that high performance can be achieved with a differentiation strategy. In the hotel industry, the application of differentiation strategies can improve performance (Hatane and Siagian 2017). The process of registration, teaching and learning process, career services, training, alumni services, academic and administrative services is a differentiation strategy for private universities to improve university performance.

The research implies that the differentiation service is a factor that can improve the performance of private universities in Medan City. Therefore, to improve performance, university service should be of good quality — the registration process with standards set by the university which has a complete facility.

4.2.6. The effect of knowledge management on private universities performance in Medan, Indonesia.

The result of data analysis shows that knowledge management has a path coefficient value of 0.295 and t-statistic value of 3.597. The t-statistic value is higher than the t-table value of 1.96. The results prove that knowledge management has a positive and significant effect on performance at private universities in Medan.

Implementation of knowledge management on innovation development has a significant effect on organizational performance. Knowledge management applied to universities can impact the performance of lecturers and educational staff. Knowledge management has a positive influence on the organization's performance through the development of innovation (Gómez, 2011).

Knowledge has become something decisive; therefore the acquisition and utilization need to be appropriately managed in the context of organizational performance improvement — this move considered as strategic in the face of global competition. Its achievement is a disaster for the business world; therefore it is necessary that a way of integrating that knowledge within the framework of human resources development within the organization.

Knowledge is the property of the individual and can be used by organizations to continue to provide autonomy to individual development. For that organization, it is necessary to develop self-development into a learner organization because only in such an individual can be a learner.

Research by Young in some shipping companies in the United States mentions that knowledge management implementation has significantly affected organizational performance, as knowledge management can develop innovation and efficiency (Young 2016). At private universities, innovation factors can be applied to learning processes, and efficiency factors can be applied to the operational procedures of private university systems.

The application of knowledge management is intended to enhance the ability of the organization in managing its intellectual assets in the form of knowledge and experience. The goal is to capitalize on these assets to achieve better organizational performance to accelerate the achievement of the goals of bureaucratic reform. The adoption of the bureaucracy reform, of course, not only in government agencies but also in the state higher education institutions to improve performance, quality and competitiveness. The implementation process of knowledge management at private universities regarding human resources needs to be aligned with the focus of increasing the tri dharma of private universities. Human capital improvement has a significant role in supporting knowledge management systems, to improve competitiveness. Private universities in the effort to increase their competitiveness have great opportunities.
through the implementation of knowledge management by utilizing aspects of human resources as human capital aligned with the vision and mission of private universities.

Building a knowledge management system, it is necessary to create technical, human and scientific contexts to support knowledge identification, knowledge acquisition, knowledge development, knowledge distribution, knowledge preservation and knowledge use (Shirvani and Mehraban 2010). The scholars such as Suharti, L and Hartanto, I. (2009) point out that knowledge is not just a product of university research activities, but knowledge should also be a source of competitive advantage that needs to be well managed in the internal university to improve university performance.

4.2.7. The effect of partnerships on private universities performance in Medan, Indonesia.

The results of the data analysis indicate that the partnership has the value of the coefficients of the path is equal to 0.198 and the value of t-statistics is equal to 2.481. This t-statistic value is equal to 1.96. These results prove that partnerships have the positive and significant impact on performance at private universities in Medan. Partnership and Performance Relationships are reviewed by Piva and Colombo et al. (2010), where high-tech companies need the cooperation of various parties to discover innovations or product development. The goal is to improve organizational performance. Research among private universities funded by the government aims is to improve the performance of private universities.

Research by Wilson at a Canadian technology company found that partnership and market orientation positively and significantly affected business performance (Wilson 2014). Similarly, Pangarkar (2003) discloses that the creation of new products resulting from the success of alliances or cooperation will enhance organizational performance. Research Implementation in collaboration with private universities can create superior product products that will improve university performance.

This research implies that partnership is one of the factors that can improve the performance of private universities. The university partnership should pay attention to compatibility and commitment to enhancing the competency of resources at the university. Transfer knowledge is one of the benefits of partnership. Therefore, universities should continue to seek better partners on an ongoing basis to improve performance.

4.2.8. The effect of social media marketing on private universities performance in Medan, Indonesia.

Social media marketing relationships to organizational performance through marketing performance itself (Oztamur, 2014). The survey was conducted on four American and Turkish companies using social media such as Facebook and Twitter and the company's marketing strategy.

Social media marketing performance cannot be attributed to financial analysis in the form of numbers because social media marketing is more closely related to customers (Pradiptarini, 2011). Promotion through social media will eventually raise the number of rising students. The increase in the number of students supports the university to better operational funding and will improve the performance of the university.

The implication of this research is social media marketing can increase the performance of the university. Social media utilization will improve the quality of communication either internally or externally. Internal communication between lecturers and students can improve the quality of learning because social media has become information sharing media. Externally, the use of social media helps prospective students find the right course of study based on their interests and talents. Finally, it will also increase student achievement.
4.2.9. The effect of competitive advantages on private universities performance in Medan, Indonesia.

The result of data analysis shows that the competitive advantage has a band coefficient value of 0.40 with the t-statistic value of 4.397. This t-statistic value is higher than the t-table value of 1.96. The result proves that competitive advantage has a positive and significant effect on the competitive advantage of private universities in Medan.

Agha and Alrubaiee (2012) argue that to remain competitive and gain competitive advantage, the leader should try to improve the organization's performance by managing each dimension of the core competency of the shared vision; cooperation, and empowerment. Core competencies are a significant determinant of competitive advantages and organizations that lead to competence performance leading to a higher level of competitive advantage and organizational performance. That competitive advantage (flexibility and responsiveness) positively affects the organization's performance. Competitive advantages considered as part of the base for high-performance performance. In the era of rapid technological advancement and information systems, resources and outsourcing products, and globalization, company size will influence the relationship between competitive advantage and organizational performance (Ismail et al. 2010). RBV is the company's competitive advantage and one of the key strategic management to explain the complex relationship of competitive advantage and corporate performance (Majeed 2011). Intermediate management synchronization with competencies associated with higher performance is essential to supervise management to achieve high performance. Managers should have to identify and to understand strategic orientations such as market orientation to enable companies to gain a competitive advantage that leads to higher organizational performance (Al-Alak and Tarabieh 2011). Thus, to improve the performance of the university, differentiation of innovation is relatively more important than focusing on market differentiation. Also, it can also do both at the same time to achieve a competitive advantage that leads to greater university performance.

This research implies that competitive advantage can improve the performance of private universities in Medan. The university must determine the cost of education according to the needs of the industrial market. The high-quality study determines the standard of study time and learning innovation, and the graduates have the skills in market demand.

5. CONCLUSION & SUGGESTION

5.1. Conclusion

Based on the analysis and discussion of the authors concludes as follows:

Differentiation of services has a positive and significant effect on the competitive advantage of private universities in Medan. Knowledge management has a positive and significant influence on the competitive advantage of private universities. The partnership has a positive and significant impact on the competitive advantage of private universities. Social media marketing has a positive and significant effect on the competitive advantage of private universities in Medan. Differentiation of services has a positive and significant effect on performance at private universities. Knowledge management has a positive and significant impact on performance at private universities. Partnerships have a positive and significant impact on performance at private universities. Social media marketing has a positive and significant effect on performance at private universities. Competitive Advantages have a positive and significant impact on the performance of private universities in Medan.
5.2. Suggestion

In order to improve the performance and competitive advantage the authors propose as follows:

Knowledge management of private universities will be more superior when it is better managed, especially in the documentation system and access to information systems. Management of good knowledge management will lead to efficiency and improve performance. As a result, the role of science has become more prominent, because only with knowledge of all the changes that occur can be addressed appropriately. It means education plays a vital role in the preparation of quality and competitive human resources. Knowledge has become very decisive, therefore acquiring and utilizing it needs to be well managed in the context of improving the performance of the university. The essentials in knowledge management are the creation of a conducive learning environment. Knowledge management focuses on ensuring that human beings are productive in order to develop the knowledge gained by holding discussion forums within the campus environment.

The development of information technology has made it easier for the knowledge management process to accelerate the implementation process. Organizations may distribute knowledge in the form of research or articles according to market needs and development. Suppose a college repository is managed by the e-library.

However complex application management system applications will not be useful if not used by the community. Therefore, the right strategy to motivate community members is to use the system — socialization by educating the user community about new services (intranet knowledge management systems) in the library. Promotions should include intranet benefits for the library user community. The Library Manager should need to allocate funds to provide prizes for the most active users and contributing much to the creation of knowledge on the intranet. The user community is invited to discuss the usability of the knowledge management system used.

Partnerships by private universities will be more useful when implemented with universities overseas. Such cooperation as an effort to improve lecturer’s competence in research and teaching. For example, participate in seminars or symposium held by overseas institutions

Managed social media marketing should be monitored to maintain university credibility. It is recommended that the Study Program through the student section have a special program through promotion through social media.

The university should make an effort to find out what resources can be used as a competitive advantage. Resources that are valuable, rare, irreplaceable should be managed appropriately to improve the performance of the university.

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