



## ORGANIZATIONAL EFFECTIVENESS: SOCIAL CAPITAL AND COMPETITIVE ADVANTAGE APPROACH

Vini Wiratno Putri<sup>✉</sup>, Ahyar Yuniawan

Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia

### Info Article

#### History Article:

Received November 2015

Approved December 2015

Published March 2016

#### Keywords:

Internal Social Capital; External Social Capital; Competitive Advantage; Organizational Effectiveness.

### Abstract

This study is aimed at developing the model of organizational effectiveness in university through social capital and competitive advantage. The populations of this study are the head of study programs and the structural officials in some Universities in Semarang. In this case, We used Structural Equation Modeling (SEM) in AMOS 21.0 program as the analysis tool. The result of the study and model analysis showed that even though the social capital had significant positive influenced to the competitive advantage in the university, the improvement of social capital and competitive advantage at university could not improve the university organizational effectiveness. Then, between two factors which influenced the competitive advantage (internal social capital and external social capital), it is obtained that external social capital got the dominant influenced factor to competitive advantage. The managerial implication suggested the policies should focus on improving the quality of cooperative relationships with external parties in the university.

## EFEKTIFITAS ORGANISASI: PENDEKATAN MODAL SOSIAL DAN KEUNGGULAN BERSAING

### Abstrak

Tujuan dari penelitian ini adalah membangun model efektifitas organisasi pada perguruan tinggi melalui modal sosial dan keunggulan bersaing. Populasi dalam penelitian ini adalah ketua program studi maupun pejabat struktural pada perguruan tinggi di Semarang. Alat analisis data yang digunakan adalah Structural Equation Modelling (SEM) pada program AMOS 21.0. Hasil pengujian dan analisis model menunjukkan bahwa pada meskipun modal sosial memiliki pengaruh positif signifikan terhadap keunggulan bersaing pada perguruan tinggi namun peningkatan modal sosial dan keunggulan kompetitif pada perguruan tinggi belum mampu meningkatkan efektifitas organisasi perguruan tinggi tersebut. Selanjutnya diantara kedua faktor yang mempengaruhi keunggulan bersaing (internal social capital dan external social capital), didapatkan bahwa external social capital merupakan faktor yang paling dominan pengaruhnya terhadap keunggulan bersaing. Implikasi manajerial yang dapat disarankan oleh penelitian ini adalah kebijakan yang menitikberatkan pada peningkatan kualitas hubungan kerjasama dengan pihak eksternal pada perguruan tinggi.

JEL Classification: L, L2, L20

<sup>✉</sup>Correspondence Address

Taman Siswa, Kampus Sekaran, Gunungpati, Semarang  
Email: vini.unnes@gmail.com

## INTRODUCTION

The standard of organizational effectiveness in education organization, especially in university level can be shown in the accreditation achievement. The accreditation which has good score (A) can be got if the university or the study program success to get minimum score. The accreditation components in measuring organizational effectiveness reflect the ability of an organization achieve the quality of educational system especially relate to Three Pillars of University. All of the aspects in a study program unit are required to commit in the process of achieving good accreditation score or higher accreditation score (A).

Some required components in achieving accreditation score consist of the ability of university in developing the academic sector, students' affairs, resources, quality and professional development, and also organizational health sector. So, a unit and a study program which has accreditation can be interpreted that they are able to achieve their goals (Cameron, 1978; Fauzan, 2012; Martono & Wijayanto, 2014). To achieve the highest score, a study program should have good resources. However, in reality, the supportive resources are still limited. Therefore, the planning strategic which is suitable with condition of a unit assigns organizational effectiveness achievement in long term period. One of the important resources is social resources or some expert managers or we called it as social capital.

In Indonesia, one of the social capitals in education level especially in university level can be seen in the percentage of Gross Enrollment Rate (GER). GER is a simple indicator to measure school-age population in each level of education. GER is a ratio of the number of students in every level of age who is studying in certain level of education to the total number of population, which is related to the level of education. The rise percentage of GRE in university level indicates the rise of public trust to university. This public trust is one of the social capital which can be one factor of competitive advantage and organizational effectiveness in the university.

The data statistics from statistics department shows that GER percentage of university in 2012 increase 1.25% from the previous year that is 17,28% become 18.54%. The improvement of GER also was

shown in the increasing of number of students who continue their study to university level at region VI (Central Java) about 12%. This increasing number should be accompanied by the increasing of organizational effectiveness in university by achieving a good accreditation. However, based on national board of accreditation for higher education for region VI in January 2014, more than 16% study program have expired accreditation. The next data survey to all study programs in three regional and city (Semarang, Surakarta, and Purwokerto) which have the highest number of university at that region shows that the study program who has "A" accreditation is still limited as shown at table 1.2. Based on the data, it can be known that at Semarang, there are only 14 study programs who got "A" accreditation, and Surakarta only have 10% and Purwokerto only have 13%. The education phenomenon in region VI shows that the GER percentage as the successful standard of education development in a certain region has improved but it was not followed by organizational effectiveness in study program shown in the accreditation status.

The next phenomenon, the improvement of GER had no positive influence to the improvement of number of students in university. Based on private university association at region VI in Central Java, from the 232 of private universities at Central Java, it is only 20% or about 46 private universities that capable to develop. 30% or about 70 private universities could survive but could not develop. Then, the rest about 50% or about 116 private universities are in under level of ideal condition. While, in region VI Semarang, even though in 2012 the number of higher-level students comprehensively improved, 20% from 60 universities in Semarang has decreased the number of higher students significantly as shown in table 1.3. Some of universities in short period decreased until 20%, even private university like 17 August 1945 Semarang University has decreased more than 50%. The decreasing number of students in higher level happened because the failure of university to improve the interest factor to the prospective students to enter university as the indicator of competitive advantage ability.

Therefore, it is needed to conduct a deep investigation on the organizational effectiveness model through competitive advantage strategic and social

capital in some study programs in higher education level. Through this study, it is expected to give more references on organizational effectiveness empiric study model through the improvement of competitive advantage based on adaptive integrative leadership and social capital. Besides that, through this study, it is expected to give contribution in form of empiric data that is useful for basic formulation, planning, policies, rules, and strategic implementation especially related to the development of study program in the university level.

### **Hypotesis Development**

The level of success in an organization which produces a good result is influenced by the level of competitive advantage and advanced advantage ability, as reported in some previous studies of RBT (Barney, 1991; Conner, 1991; Amit & Schoemaker, 1993; Bharadwaj et al., 1993; Oliver, 1997). However in structural RBT, the concept of social capital stated that the long existence of an organization and their strategies role depend on the amount of social capital investment which is done in their environment.

The RBT concept stated that the complex organizational concept became the basic strategic advantage which is produced from the unique historical background of each company. However, the real origin of the resources is still unclear (Oliver, 1997). Most of the studies indicate that a key resource from unique resources is the cash company power (Barney, 1991; Bharadwaj et al., 1993; Hall, 1994; Hart & Banbury, 1994; Hearn et al., 1996) which is built in their social environment, both internally and externally.

Internal social capital resources can be built internally in an organization shown in some processes internalization events. Social capital can be obtained from the social resources such as human resources and organization grown in social complexity and social capability which accompany the human resources and the organization (Mele, 2003; Beugelsdijk et al., 2005; Ferdinand, 2005; Villena et al., 2011; Payne et al., 2011).

Adler and Kwon (2002) called as internal social capital, both the structure and the content of relationships among actors within a system. However, Nahapiet and Ghoshal (1998) stated that there are three dimension of internal social capital:

(1) Structural social capital dimension refers to the connections among actors with whom and with what frequency they share information. Nahapiet and Ghoshal (1998) argued that such information flows create competitive advantage by enhancing the organization's ability to absorb and assimilate knowledge. (2) Relational social capital dimension describes the kind of personal relationships people have developed with each other through a history of interactions (Nahapiet & Ghoshal, 1998). One of key attribute in relational dimension is the level of trust among actors (Leana & Buren, 1999; Nahapiet & Ghoshal, 1998), Trusting relations facilitate collaborative behaviors and collective action in the absence of explicit mechanisms to foster and reinforce those behaviors (Coleman, 1990; Onyx & Bullen, 2000). (3) the third dimension, cognitive social capital refers to the fact that as individuals interact with one another as part of a collective, they are better able to develop a common set of goals, and a shared vision for the organization (Nahapiet & Ghoshal, 1998). When a collective community holds a set of objectives, they will decrease some problems that appeared in organization. In these ways, social capital may be a substitute for the formal contracts, incentives, and monitoring systems that organizations devise to control individual self-serving behavior that may hamper the collective goals.

However, the concept of external social capital can be formed as the reflection of the firm culture in the form social networks (Barney, 1991; 1995; Bharadwaj et al., 1993; Oliver, 1997; Weber & Weber, 2011; Wincent et al., 2013, 2014). These elements are produced, developed and cultivated in the external environment of the firm that is capable to form an "isolation mechanism" through the ability in producing typical resources. These typical resources are built through the ability of the firm to develop some social networks, the awareness to build a trust and obedience to social norms that developed in communities where the company operates. Besides that, these typical resources also can be built through social cohesion with communities where the company builds. If those processes run well, it will create isolation mechanism which makes this company has special advantage which is hard to be imitated. Therefore, it will give positive effectiveness.

This concept is supported by the Collins & Clark (2003), Lewrick et al. (2007) and Pinho & Elisabete (2013). They declared that the social capital in the form of social networks increase the organization innovation as one of the hard factors to be imitated. Therefore, the mediation social capital by giving innovation will increase the company performance. The study conducted by Lewrick et al. (2007) also supported by Casanueva & Gallego (2010) study. The result of the study showed that the social capacity which is appeared from the internal relation of intra-organizational networks (in this case, study program) related to the individual capacity in producing new information and innovation. Where, the innovation is part of the organization effort to achieve competitive advantage. Based on the explanation of the relationship between social capital and competitive advantage, there can be obtained hypotheses as follows:

- H1: Internal social capital has positive influence to university competitive advantage  
 H2: External social capital has positive influence to competitive advantage.

Then, many researchers suggested handling more serious in the context of organizational study (Heath & Sitkin, 2001; Johns 2001; Mowday & Sutton 1993), in this case social capital has important role to develop the individual relation. The interaction happened in certain context such as in the Rousseau and Fried (2001) study. Others studies, such as Cappelli and Sherer (1991) argued that work can be a major problem in shaping organizational behavior.

The study is addressed to head of study programs and their stakeholders such as lectures, students, and leaders of faculty or institutions in a university in Semarang. The is very appropriate social capital study context. It is because exchanging information is very effective tool. Some recent empirical approach emphasized on the higher relationship between the quality of teacher to improve the school performance (Bryk & Schneider, 2002; Hargreaves, 2003; McLaughlin & Talbert, 2001; Spillane et al., 2001). In university level, then, quality of teacher is replaced by the quality of lecturers that become the standard to improve the study programs performance in the university.

The study on social capital service especially in education was done by McLaughlin and Talbert

(2001), Smylie and Hart (1999). The studies showed that the improvement of school was viewed as communities of professionals working together to generate, combine, and transmit knowledge. Internal relations among teachers are increasingly viewed as means to develop and diffuse effective teaching techniques, maintain a common focus, and ultimately enhance student learning (Bryk & Schneider, 2002; Smylie & Hart, 1999).

In university level, the internal capital between stakeholders in a study programs should facilitate in reaching the collective goals. When the lecturers, students, and leaders of institution share information, have a good relation, and share the same concept of a mission of university, the performance also should develop to achieve the organizational effectiveness. Based on internal social capital and organizational effectiveness, it can be got the next hypotheses as follows:

- H3: Internal social capital has positive influence to organizational effectiveness.

The study of social capital is not only done in the manufacturing industry. Some studies also were done in service industries investigating social capital including the external context as done by Leana and Pil (2006) with her empirical result at education service with the sample of primary schools, junior and senior high school in United States. They found that the school organizational effectiveness also influenced by the huge public pressure to school and constituent relationship that should be managed by the school. Such management includes gathering information on, for example, changing community needs, as well as transmitting information to constituents about the school and fostering reasonable expectations of it.

School administrators (particularly principals) are also assuming a more prominent role with respect to mobilizing external resources and support as national and state efforts to make schools more accountable, and efforts to restructure schools for improved performance, become more widespread (Goldring, 1995, Smylie & Hart, 1999; Moran, 2005; Nelson et al., 2007). The school attention to the relationship between external parties is important both for bringing new resources into the school and for effectively representing the school to community groups,

potential funders, parents, and other stakeholders. Thus, external social capital should be associated with stronger school performance. The empirical study on the successful of external social capital in improving the school organizational effectiveness done by Goldring (1995), Smylie (1999) and Leana and Pil (2006), if it is done in university especially in a study programs it will have the same effect. Based on the explanation on external social capital and organizational effectiveness, it can be formulated a hypothesis

H4: External social capital has positive influenced to organizational effectiveness

University as the embodiment of an organization is not only face problem in limited resources but also how to be superior among the others universities. Basically an organization including higher education viewed as an ongoing concern. In this case, an organization built and growth is not in short term, but over the long term (Kale et al., 2000; Ferdinand, 2005). Competition is often happened in universities, occurred on the aspects of the struggling the number of applicants or prospective students, the quality of program, the quality of service, the quality of teacher training, the number of research publications and dedication and the amount of bilateral cooperation with other institutions. All those aspects are closely related to the score (A) achievement of accreditation scores. Thus, the role of the concept of competitive advantage at the university became one of the key aspects to achieve effectiveness.

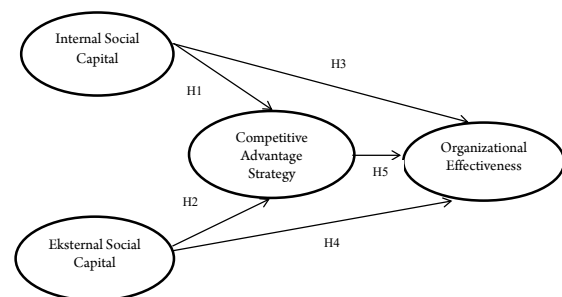
The concept of competitive advantage according to Ferdinand (2005) is one of central issue in various developed strategic scenarios of a company to produce the organizational performance and sustainability. After well developed by Porter (1985), this concept became essential in repertoire strategy theory even though this concept is not a new concept. The competitive advantage viewed as one of strategy to mediate various processes to create a good performance to achieve organizational effectiveness. Therefore, for the university, the competitive advantage strategy can be developed to achieve the university organizational effectiveness.

Further explanation on the requirement that concept of competitive advantage strategy will give impact on the needed organizational effectiveness, if

the concept is viewed as a mediating factor. Starting from the concept of Resource-Based Theory of the Firm (RBT) as developed by Wernerfelt (1984, 1995), Barney (1991, 1995) where, one of resource can provide a competitive advantage is resources which is developed through various social approach with its social attributes (Oliver, 1997), known as social capital (Coleman, 1988; Harmancioglu et al., 2010; Berzina, 2011; Suardika et al., 2012). In this case, social capital viewed as one of strategic instrument that capable to foster growth and development of competitive advantage then it is able to produce a good performance and ensure sustainability to achieve organizational effectiveness. Then it can be states a hypothesis as follows:

H5: Competitive advantage has positive influence to organizational effectiveness

As stated before, the competitive advantage is a key to face the competition. Various studies showed that social capital as the invisible asset has the important role in creating competitive advantage in the form of internal social capital and external social capital. Besides that, the creation of competitive advantage viewed having positive influence to the improvement of organizational effectiveness. The relationship between internal social capital, external capital, competitive advantage, and the effectiveness of the organization will be presented briefly in empirical research model in Figure 1. Internal social capital and external social capital has still rare discuss among reaserhsers. Therefore, many research has been conducted to examine about the relationship between social capital and the effectiveness of the organization.



**Figure 1.** Empirical Research Model  
 Source: Lewrick et al. (2007), Oliver (1997), Tsai & Ghoshal (1998), Mahoney & Pandian (1992), Pelham (1997)

## METHOD

The populations of this study are all of study programs in the university in the Semarang city. Choosing study programs as the unit of analysis in this study because the object of the research is university. Study program is a place where the interaction between service providers and customers occurred. Therefore, all of variables are conceptualized in the study program level. Total study programs at all universities in Semarang are 485. The target populations are all the entire study programs in universities which have S1 program and have accreditation with the criteria: B as the minimum accreditation score and the result of accreditation is still valid. Then when the study was conducted there are 176 study programs which fulfill the requirement.

The method of collection data is questionnaire (structured questionnaire) that given to the respondent. The respondents of this study were the leader (chairman/ secretary) of the departments/ study program assuming that the leader have good knowledge and ability on investigation aspects and capable to provide an evaluation to the organizational effectiveness (Aprilia & Ghozali, 2013; Ferdinand, 2013).

The assumption is based on the leader of department/ study programs' capability who used some information of organizational effectiveness to manage the universities' policy, allocate resources, make policies, explain and analyze the organizational goals and as representative in the bargaining process in an organization. The analysis technique to analyze the data inferentially is a confirmatory factor analysis and Regression Weight on SEM (Structural Equation Model) on AMOS (Analysis of Moment Structure) statistical package (Hair et al., 2010; Ghozali, 2013).

### Operational Variables Definition

Briefly, operational variables definition can be seen at Table 1. Based on the analysis of the study, the alpha coefficient (*Cronbach Alpha*) got more than 0,06 so it can be defined that the variables of study (construct) that is internal social capital, external social capital, competitive advantage, and organizational effectiveness of universities was reliable or had high reliability so it had high accuracy to be

variables (construct).

The result of the study also showed that most of indicators (observed) are valid. It is showed by the score of Corrected Item-Total Correlation  $> r$  table ( $R$  table is obtained based on the degree of freedom ( $df$ ) =  $n-2$ , in this case  $n$  is the total sample ( $n$ ) = 25 and the score of  $df$  can be got by  $25-2 = 23$  then  $df = 23$  and  $\alpha = 0,05$  it can be got  $r$  table = 0,3365). The evidence shows that all of indicators (observed) is feasible to be used as the construct indicators (latent variables), except indicators  $x_8$  in the external social capital variable. It is because the statement in the indicator only has less than  $r$  table (0,3365). Therefore, the statement item at indicator  $x_8$  was revised on structure of language to be more understood by doing discussion with some respondents. Then, the indicator can be used in this investigation.

## RESULT AND DISCUSSION

Based on national board of accreditation for higher education DIKTI (2014), 176 questionnaires had been distributed through enumerator service since July 2014. The questionnaires which are returned were 134 copied. It shows that the response rate of respondent were high enough that was 74% from the distributed questionnaires to 176 study programs in Semarang among 25 universities. We got 130 respondents. The universities that will be analyzed are public and private universities. According to the result from 130 respondent, we got 60% were from public university or about 78 respondents. Then the rest, that is 40% respondents were from private university. It means that most of respondents came from public university.

The respondents came from different types of higher education. They are university, academy, and institute. The data shows that most of respondent came from university are about 117 or 90% from 130 respondents. The respondent who came from academy are only 3 respondents or about 2% and the rest came from institute.

In this study, 60% respondents among 130 are male respondent or about 78 respondents. However, about 40% are female. It shows that most of the structural organizational position and head of

study program in the higher education are dominated by male respondents.

The respondents in this study were dominated by person at the age of 41 – 50 years old. That is about 45%. However, the respondent at the age of 31-41 are about 45%. The smallest percentage is the respondent at the age more than 50 years old. It is about 30 respondents or 23%

The respondents of this study who have S2 degree are about 77% among 130 respondents. Then the respondents who have S3 degree are about 23%. Most of respondents have 11-20 years of work experience. That is about 48% from 130 respondents. Then the respondents who have 1-10 years of experience period are about 20% and respondents who have 21-30 years of experience are 29%. Then, the respondents who have more than 30 years of experience are only 3%. Therefore, 80% of respondents have work experience more than 10 years. It can describe that the respondent have good knowledge in their institution.

### **Structural Equation Model Analysis**

After preceding some steps of identification such as validity and reliability, multi-colinearity, outlier, and normality problems, revising model are done. Therefore, the final model can be seen at Figure 2.

### **The Influence of Internal Social Capital to Competitive advantage**

Hypothesis 1 stated that internal social capital has positive influence to university competitive advantage. It means the higher internal social capital in university, the higher university competitive advantage. Based on the result of data analysis, it is known that the *Critical Ratio* (CR) of the internal social capital variable influence to competitive advantage is about 2,151 with probability value (P) of 0,031. The result of these values gives information that the influence of internal social capital variable to competitive advantage is accepted because it fulfill the ratio value more than 1,96 for Critical Ratio (CR) and less than 0.05 for probability (P) value. Therefore, it can be stated that Hypothesis 1 is accepted.

### **The Influence of External Social Capital to competitive advantage**

Hypothesis 2 stated that external social capital has positive influence to competitive advantage in ot-

her words the higher external social capital the higher competitive advantage in that university. Based on the analysis result, it is known that the value of Critical Ratio (CR) of external social capital variable influence to competitive advantage is about 2,193 with probability (P) of 0,028. This second result gives information that the influence of the external social capital to competitive advantage is accepted because it fulfills the requirement of critical ration more than 1.96 and less than 0.05 for the probability (P). It means that hypothesis II can be accepted.

### **The Influence of Internal social capital to Organizational effectiveness**

Hypothesis 3 stated internal social capital has positive influence to organizational effectiveness. It means the higher internal social capital the higher organizational effectiveness. Based on the result of analysis the value of critical ratio showed that environment adoptability variable influence to the competitive advantage is 1,732 with the probability (P) of 0,083.

This result give information that internal social capital influence to organizational effectiveness cannot be accepted because it cannot fulfill the requirement of critical ratio (CR) value more than 1,96 and less than 0,05 to Probability (P) value. Therefore, it can be stated that hypothesis 3 is rejected. Thus internal social capital cannot improve the organizational effectiveness in a university.

### **The Influence of External Social Capital to Organizational effectiveness**

Hypothesis 4 stated that external social capital has positive influence to organizational effectiveness. It means the higher external social capital the higher organizational effectiveness in a university. Based on the analysis, The Critical Ratio (CR) value showed that the influence among environment adaptability to competitive advantage is 1,010 with the probability value of 0,313.

From the analysis, It can be got that the influence of variable external social capital to organizational effectiveness is rejected because it cannot fulfill the requirement to reach value more than ,96 for the critical ratio (CR) and less than 0,05 for Probability. Therefore, it can be stated that hypothesis 4 is rejected. So, Exter-

**Table 1.** Operational Variables Definition

<b>Variable</b>	<b>Operational Variable definition</b>	<b>Indicator of Variable</b>	<b>S y m - bol</b>
Internal So- cial Capital	The actual and potential resources that are able to promote networking relationship through mutual respect, mutual understanding that can build intensely in the organization which is shown in some internalization organization process activities in an organization  Tsai & Ghoshal (1998), Nahapiet & Ghoshal (1998)	the individual relationship among others in cooperation	X <sub>1</sub>
		the individual relationship among others in sharing information	X <sub>2</sub>
		trust among others	X <sub>3</sub>
		understanding of the collective goals	X <sub>4</sub>
External So- cial Capital	Social elements which are produced, developed and cultivated in the external environment that is capable to create an isolation mechanism through their ability to produce a typical resources.  Barney (1991; 1995), Bharadwaj et al. (1993), Oliver (1997).	Social networking	X <sub>5</sub>
		External trust	X <sub>6</sub>
		External social solid	X <sub>7</sub>
		Norms obedient	X <sub>8</sub>
Competitive advantage	organization advantage or superiority in terms of resources, company expertise company, and superiority in achievement performance relate to company's position compared with others competitors.  Bharadwaj et al (1993), Cravens (1996), Porter (1994, 1998), Aaker (1998).	Typical Study program quality	X <sub>10</sub>
		Responsiveness	X <sub>11</sub>
		Academic innovation	X <sub>12</sub>
		Academic expansion	X <sub>13</sub>
Organiza- tional effec- tiveness	The measurement of the organization goals achievement level.  Source: Cameron (1978, 1981), Yuniawan (2009), BAN PT	The improvement of study program service quality	X <sub>15</sub>
		The improvement of prospective students' enthusiasm	X <sub>16</sub>
		Students' satisfaction	X <sub>17</sub>
		Academic achievement	X <sub>18</sub>
		The improvement of lecturers' journal publication	X <sub>19</sub>
		Lectures award	X <sub>20</sub>



nal social capital cannot improve the organizational effectiveness in university

**The Influence of Competitive advantage to Organizational effectiveness**

Hypothesis 5 stated that Competitive advantage has positive influence to organizational effectiveness. It means the higher competitive advantage the higher organizational effectiveness in a university. Based on the analysis, The Critical Ratio (CR) value showed that the influence among environment adaptability to competitive advantage is 0,734 with the probability value of 0,463

From the result, It gives information that that influence of variable competitive advantage to organizational effectiveness is rejected because it cannot fulfill the requirement to reach value more than 1,96 for the critical ratio (CR) and less than 0,05 for Probability. Therefore, it can be stated that hypothesis 5 is rejected. So, competitive advantage cannot improve the organizational effectiveness in university.

From the analysis and testing five hypotheses based on tested theoretical model with goodness of fit criterion, It is obtained a good result. The analysis showed two from five hypotheses are accepted. When, both external and internal social capital had significance positive influence to the university competitive advantage. However, the influence to the organizational effectiveness both internal and external social capital did not influence/improve the organizational effectiveness. Likewise, the competitive advantage, it also cannot influence the organizational effectiveness in the education level especially in university.

This study showed that internal social capital had positive influence to University competitive advantage. This study supported by Oliver's (1997) and Mohoney and Pandian (1992). Based on their views, a competence organizational community can promote a competitive advantage if only the competency is a creation based on social complexity in an organization that is hard to be imitated. Social complexity of company is a nature of typical organizational capabi-

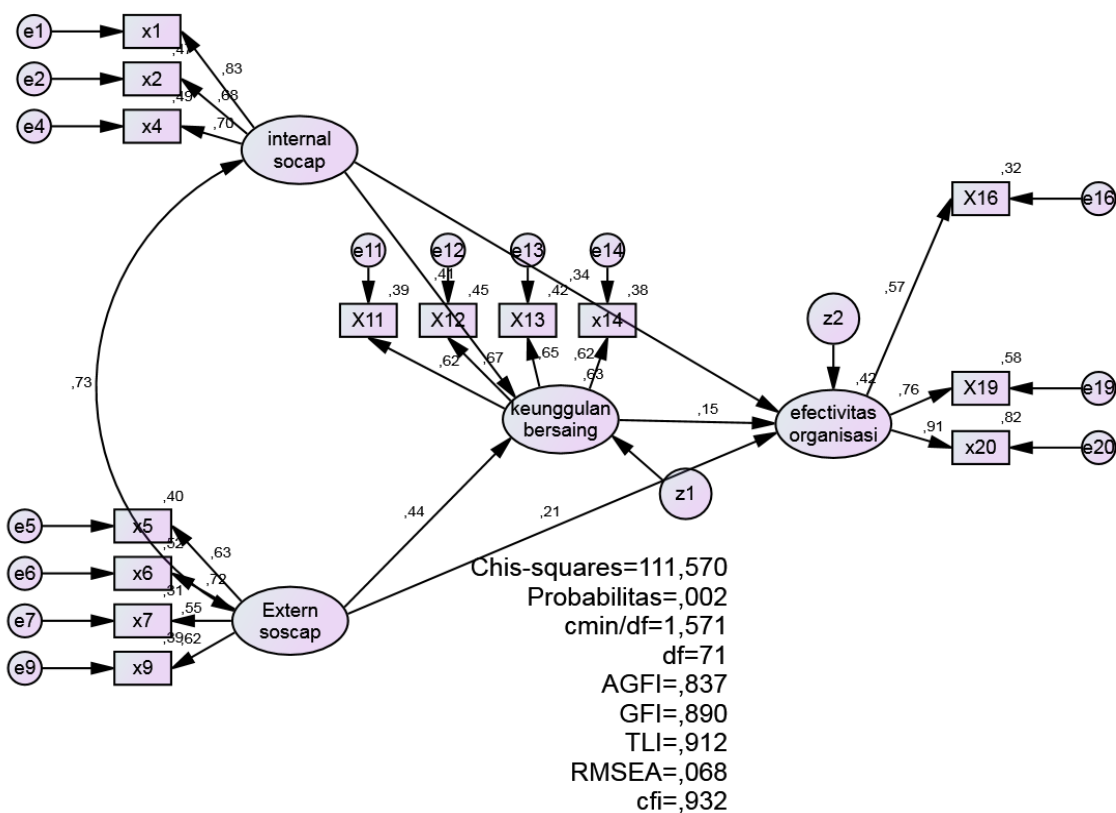


Figure 2. Proposed Structural Equation Model

lity as a result of historical background and transactional interaction experience which is done time by time in the society involvement. This study also supports Casanueva & Gallego (2010).

They found that social capital which appeared in internal relationship from the intra-organizational networking (e.g. Department of University) related to networking individual capability to promote new knowledge and their innovation, where the innovation is a part of institution effort to achieve competitive advantage.

This study also showed that external social capital had positive influence to university competitive advantage. It shows that this study supports Geletkanycz and Hambrick's (1997) study who found the external relation of top manager is important to develop competitive strategy or new competitive strategy for superior company. This study also supports Oliver's (1997) and Mohoney and Pandian's (1992) study who found a competence organizational community can promote a competitive advantage, If only the competency is a creation based on social complexity in an organization that is hard to be imitated.

Social complexity of company is a nature of typical organizational capability as a result of historical background and transactional interaction experience which is done time by time in the society involvement. This study also supports Tuominen's (2013) study who found that social capital could help service industry such as Cooperative industry to achieve advanced competitive advantage by providing resources to manage intuitional dependency and costumer relation.

However, From the result, it is know that: a) the improvement of internal social capital could not improve university organizational effectiveness; b) the improvement of external social capital could not improve university organizational effectiveness; and c) the improvement of university competitive advantage could not improve organizational effectiveness in university. Thus, it can be concluded that H3, H4, and H5 didn't support some data sample.

This study showed internal social capital could not promote university effectiveness. It is because social capital normally will give effect in long period, but the standard of effectiveness in this study still use the short period (only three yearly). This study could not

show positive influence and significant influence between internal social capital to university organizational effectiveness. As a result, this study could not support Leanna and Frits (2006) study that stated both internal and external social capital have positive effect to organizational performance. This study also does not support Leanna dan Frits (2006) study that social capital had important role in improving organizational performance.

This study also does not support some recent empirical approach which emphasize on the high interaction on the relationship between quality and teacher in improving school performance Bryk & Schneider, 2002; Hargreaves, 2003; McLaughlin & Talbert, 2001; Spillane et al., 2001). In the university, the quality of teacher replaced with the quality of lecturer to enhance study program performance in university.

Then, this study showed that external social capital also could not enhance the effectiveness of the university. This is because social capital normally will give effect when it is in long period. However the standard effectiveness in this study still used short period study (3 yearly). This study could not show positive influence significantly of external social capital to university organizational effectiveness. Therefore, this study could not be able to support Leanna and Frits' (2006) study who declared that both internal and external social capital gave positive effect to organizational performance. This study also could not support Saed's (2012) study that sated that social capital had role to enhance company performance.

Those findings are not consistent with some study social capital in industrial service especially in education sector done by McLaughlin & Talbert (2001) and Smylie & Hart (1999). They showed that enhance school performance viewed as communities of professionals working together to generate, combine, and transmit knowledge (Internal relations among teachers are increasingly viewed as means to develop and diffuse effective teaching techniques, maintain a common focus, and ultimately enhance student learning (Bryk & Schneider, 2002; Smylie & Hart, 1999). The findings in H3 and H4 donot supported the theory. They gave evidence that social capital in university level could not make an organizational effectiveness.

This study showed competitive advantage also could not be able to enhance the university effectiveness. This study could not show positive and significance influence of competitive advantage to organizational effectiveness both direct and indirect effect. Thus, this study does not support Kamukama (2011). He stated that competitive advantage could enhance intellectual capital and the financial performance of microfinance Service Company. This study also does not support the study done by Carter (2005) who declared that there was positive and significance relation between competitive advantage and company performance.

Besides that, an organization becomes ineffective because the organization is not able to show good balance degrees between the external and internal components of the environment (Yuniawaan, 2009). Thus, Organization is not able to guarantee that indicators of structure and internal process of organization run and used as the standard organizational effectiveness. (Cameron, 1981). Those conditions are real when we see the findings of this study. H3, H4, and H5 which is not proven are possible happen because the study programs did not have good ability and did not have strong ability to show their performance in: fostering effective communication, sharing goals understanding, adapting to external environment, and fairness in the treatment and awards. The effects of fostering relation among members and external actors are not directly can be got shortly. There are some long processes to foster isolation mechanism that are able to enhance organizational effectiveness.

Mohoney and Pandian (1992) viewed a set of organizational competence are able to foster a competitive advantage if only the competency is made based on social complexity of company that is hard to be imitated. Social complexity of company is a nature of typical organizational capability as a result of historical background and transactional interaction experience which is done time by time in the society involvement. Thus, creating competitive advantage in an organization is not an instant process. An organization needs long term to create social complexity which is able to create isolation mechanism which can make different typical core competency with others companies. In this study, the strategy implementation done by respondents as the policy

makers at the level of the study program are still very new. Considering, respondents who have period of work term of over 6 years, it is only about 8 percent or 11 respondents. Most of respondent in this study, who have period of work as leader are only for 2 to 4 years, i.e by 45%. While respondents have a term equal to or less than 2 years is about 39%, as shown in Figure 4.9. Thus, the process of implementing strategies and policies are still in short-term, so the role of social capital and the competitive advantage they have created may not be able to have an impact in increasing the organizational effectiveness.

Based on the explanation, then the answer to the question of why social capital and competitive advantage in education level could not be able to improve the organizational effectiveness can be answer. The short period of work make the strategy implementation done by respondents could not show the maximum performance so the organizational effectiveness in the university could not be achieved. Thus, in this case, social capital inability and competitive advantage incapability in fostering organizational effectiveness are normal.

Based on the researcher analysis to respondents' answer in open question, it can be concluded that most of study programs did not have typical characteristics. In average, every study program has quality, responsiveness, academic innovation and academic expansion relatively similar among similar study programs at different universities. Cameron (1981) stated that in fostering organizational effectiveness in university, It is not only by interaction among members of organization but also the involvement of customer such as students candidate, students, the graduate student, and society as the important indicator to achieve organizational effectiveness. Therefore, the further researcher should involve costumers as the respondents who play important role.

After testing hypotheses and making theoretical implications, It is needed to develop further managerial implications that are expected to provide a theoretical contribution to the management. Managerial implications derived from theories that are built based on complete investigation. Several managerial implications derived from this study are as follows:

First, internal social capital is able to influence competitive advantage through three indicators that

are relationship between individuals, relationship between individuals to share information and collective understanding. Indicator which has the biggest role in improving the competitive advantage is the relationship among individuals in a university. Based on these findings the university needs to provide a large enough portion in establishing conditions to encourage members of organizations to cooperate in completing a task. For example, by building effective communication, clear sharing workload and proportionate, and giving fair rewards or sanctions to member organizations who is success or discipline in fostering good relationships with the members of the organization.

The second internal social capital indicator who becomes second important role to improve competitive advantage is collective understanding. To improve university competitive advantage, they need to build a collective understanding of members to sacrifice to their organization. Understanding, mission and goals of the organization become an important pillar in building a collective understanding. Effective socialization universities policies especially for study program are needed to integrate the mindset and goals of the university organization members.

The last, next indicator which has important role in increasing competitive advantage in university is the relation among individual to share information. Based on the result, The University needs to gather some information resources from the organizational members to complete the task. Gathering information can be done through improving the quality of management information system of university such as the used of online system in lecturing process, and communication among members of organization. Second, variable that had big portion in fostering competitive advantage in university is external social capital. This external social capital which has role in improving competitive advantage is the ability of study programs to foster social network, social trust and social solid from external actors, and also social cohesion.

The most contributed indicator is trust from external actors. Thus, to improve competitive advantage, The University needs to foster trust from the external actor to improve the cooperation with profession institution, government, and society. The second

most contributed indicator in improving competitive advantage is social network. Based that, the implication to university is the university needs to foster social network to some social organization in society by becoming social organization members who involve in that organization. Then, the third contributed indicator in improving competitive advantage is social solid. Based on that, in managerial, it is needed to involve informal leader in social religious as apart of team in improving study program

The last is social cohesion that also has role important in improving competitive advantage in university. According to the result, the university needs to improve social cohesion in university by becoming main sponsor from various social activities in university environment.

## CONCLUSION AND RECOMMENDATION

The result and model analysis showed that even though both internal and external social capital has significance positive influence towards competitive advantage in university but the improvement of social capital and competitive advantage in university could not improve the organizational effectiveness in the university. Social capital incapability both direct and indirect in improving organizational effectiveness is caused by the long effect of social capital. Then the two factors which influence competitive advantage (internal social capital and external social capital), it was obtained that external social capital became the dominant factor to the competitive advantage. Therefore, the managerial implication suggested the policies should emphasize the relationship quality improvement with external actors in the university.

Although, this study gives contribution which has been achieved in previous research, there are still some limitation and further research. Some of these limitations include the discussion of achievement of organizational effectiveness are in short period about three-yearly. While the effects of social capital can happen over the long term. So it is possible that there will be a significant relationship between social capital both internal and external if the period of achievements of organizational effectiveness extended.

Then, the object of the study is only in limited

universities in Semarang city. The limited scope of the object of study can be expanded in further research. It is possible to conduct further research with wide scope of object study. One of them is by adding the amount of respondent from the costumer factor. Besides that, the time of investigation is relatively short and make the data collection gathered very fast with a lot number of respondents. This study will be better if there is deep interview or focus discussion group to make valid data.

There are still many limitations in this study, it is needed to conduct further study to investigate the relationship between social capital, competitive advantage and organizational effectiveness. For further study are needed to replicate the study with wide population and wide geographical and demographic scope. It is intended to ensure the development of an understanding of the relationship between social capital, competitive advantage and organizational effectiveness. Then, the further study should be conducted with others indicators which is detail and measure the variables that is appropriate with the condition of the study. The last, this study recommends adding the other factor effect which influence competitive advantage such as the reputation of university.

## REFERENCES

- Adler, P & Kwon, S. 2002. Social Capital: Prospects for a New Concept. *Academy of Management Review*. 27(1): 17-40.
- Aaker, D. A. 1989. Managing Capitals and Skills: The Key to a Sustainable Competitive Advantage. *California Management Review*. 31(Winter): 91-106.
- Aaker, D. A. 1998. *Strategic Market management*. Edisi ke-5. New York: John Wiley.
- Amit, R & Schoemaker, P. 1993. Strategic Assets and Organizational Rent. *Strategic Management Journal*. 14(1): 33-46
- Aprilia, K & Ghozali, I. 2013. *Teknik Penyusunan Skala Likert dalam Penelitian Akuntansi dan Bisnis*. Semarang: Fatawa Publishing.
- Barney, J. B. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*. 17(1): 99 - 120.
- Barney, J. B. 1995. Looking Inside for Competitive Advantage. *Academy of Management Review*. 19(4): 49-61.
- Berzina, K. 2011. Enterprise Related Social Capital: Different Levels of Social Capital Accumulation. *Economics & Sociology*. 4(2). 66-83.
- Beugelsdijk, S., Noorderhaven, N. G & Koen, C.I. 2005. *Organizational Culture, Alliance, Capabilities and Social Capital In T.Gossling, R.J.G. & Jansen Oerlemans (eds)*. Nijmegen: Wolf Publishers.
- Bharadwaj, S. G., Varadarajan, P. R & Fahy, J. 1993. Sustainable Competitive Advantage in Service Industries: A Conceptual Model and Research Propositions. *Journal of Marketing*. 57(October): 83-100.
- Bryk, A.S & Schneider, B. 2002. *Trust in Schools: A Core Resource for Improvement*. New York: Sage
- Burt, R. 1992. *Structural Holes: The Social Structure of Competition*. Cambridge, MA: Harvard University Press,
- Burt, R. 1997. The Contingent Value of Social Capital. *Administrative Science Quarterly*. 42 (2): 339-365.
- Burt, R. 2000. *The Network Structure of Social Capital. Organizational Behaviour, Vol (22)*. New York: JAI Press.
- Cameron, K. S. 1978. Measuring Organizational Effectiveness In Institutions of Higher Education. *Administrative Science Quarterly*. 23: 604-632.
- Cameron, K. S. 1981. Critical Question in Assessing Organizational Effectiveness. *Organizational Dynamic*. 9: 66-80.
- Cappelli, P & Sherer, P. 1991. The Missing Role of Context in OB: The Need for a Meso-Level Approach. *Research in Organizational Behavior*. 13: 55-110.
- Casanueva, C & Gallego, Á. 2010. Social Capital and Individual Innovativeness in University Research Networks. *Innovation: Management, Policy & Practice*. 12(1): 105-117.
- Coleman, J. 1988. Social Capital in the Creation of Human Capital. *American Journal of Sociology*. 94 (Supplement): 95-120.
- Coleman, J. 1990. *Foundations of Social Theory*. Cambridge, MA: Harvard University Press.
- Collins, C. J & Clark, K. D. 2003. Strategic Human Resources Practices and Top Management Team Social Networks. *Academic Management Journal*. 46(6): 740-752.

- Conner, K. R. 1991. A Historical Comparison of Resource-Based Theory and Five Schools of Thought Within Industrial Organization Economics: Do We Have a New Theory of the Firm. *Journal of Management*, 17(1): 121-154
- Cravens, Davis W. 1996. *Pemasaran Strategis (Terjemahan)*. Jakarta: Penerbit Erlangga.
- Day, George & Robin Wensley, 1988. Assessing Advantage: A Framework for Diagnostic Competitive Superiority. *Journal of Marketing*. 52: 1-20.
- Fauzan, M. 2012. Peningkatan Kinerja Dosen Berbasis Modal Sosial Dan Dukungan Organisasional di PTS kota Semarang. *Jurnal Bisnis dan Ekonomi*. 19 (2): 188-202.
- Ferdinand, A. 1999. Strategic Pathways towards Sustainable Competitive Advantage. *Unpublished DBA Thesis*. Australia: Southern Cross University,
- Ferdinand, A. 2005. *Modal Sosial Dan Keunggulan Bersaing: Wajah Sosial Strategi Pemasaran*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ferdinand, A. 2013. *Metode Penelitian Manajemen*. Semarang: Undip Press.
- Geletkanycz, M&Hambrick, D. 1997. The externalities of top executives: Implications for strategic choice and performance. *Administrative Science Quarterly*. 42: 654-681.
- Ghozali, I. 2013. *Model Persamaan Struktural (Konsep dan Aplikasi dengan Program AMOS 21.0)*. Semarang: Badan Penerbit Universitas Diponegoro.
- Goldring, E. 1995. Striking a Balance: Boundary Spanning and Environmental Management in Schools. S. Bacharach, B. Mundell, eds. *Images of Schools, Structures and Roles in Organizational Behavior*. Corwin Press, Thousand Oaks. CA: 293-314.
- Hair, J. R., Rolph, J. F., Anderson, E., Tatham, R. L & Black, W. C. 2010. *Multivariate Data Analysis with Readings. Fourth Edition*. New York: Prentice Hall International.
- Hall, R. 1994. *A Framework for Identifying the Intangible Sources of Sustainable Competitive Advantage*, In G. Hamel & A. Heene (Eds.), *Competence-Based Competition*, pp. 149-169, Baffins Lane, Chichester. England: John Wiley & Sons Ltd.
- Harmancioglu, N., Grinstein, A & Goldman, A. 2010. Innovation and Performance Outcomes of Market Information Collection Efforts: The Role of Top Management Team Involvement. *International journal of Research in Marketing*. 27 (1): 33-43.
- Hargreaves, D. 2003. *Education Epidemic: Transforming Secondary Schools through Innovation Networks*. London, UK: Demos.
- Hart, S. L & Banbury, C. 1994. How Strategy-Making Processes Can Make a Difference. *Strategic Management Journal*. 15: 251-269.
- Hearn, G., Close, A., Smith, B & Southey, G. 1996. Defining Generic Professional Competencies in Australia: Towards a Framework for Professional Development. *Asia Pacific Journal of Human Resources*. 34(1): 44 - 62.
- Heath, C & Sitkin, S. 2001. Big-B versus Big-O: What is Organizational About Organizational Behavior? *Journal of Organizational Behavior*. 22: 43-58.
- Johns, G. 2001. In praise of context. *Journal of Organizational Behavior*. 22: 31-42.
- Kale, P., Singh, H & Perlmutter, H. 2000. Learning and Protection of Proprietary Assets in Strategic Alliances: Building relational capital. *Strategic Management Journal*. 21 (2): 17-237.
- Leana, C. R & Van Buren. H. 1999. Organizational Social Capital and Employment Practices. *Academic Management Review*. 24(3): 538-555.
- Leana, C. R & Pil, F. K. 2006. Social Capital and Organizational Performance: Evidence from Urban Public Schools. *Organization Science*. 17 (3): 353-366.
- Lewrick, M., Robert, R & Thomas, P. 2007. A Cross-Sector Exploration on The Influence of Social Networks and Social Capital on Innovation and Success. *Journal of Technology Management & Innovation*. 2 (3): 38-48.
- Mahoney, J. T & Pandian, J. R. 1992. The Resource-Based View Within the Conversation of Strategic Management. *Strategic Management Journal*. 13 (5): 363-380.
- Martono, S & Wijayanto, A. 2014. Peningkatan Efektivitas Program Studi di Perguruan Tinggi Swasta melalui Kepemimpinan Adaptif Integratif. *Jurnal Dinamika Manajemen*. 5(1): 110-130
- Mele, D. 2003. Organizational humanizing cultures: Do they generate social capital? *Journal of Business Ethics*, 45: 3-14.
- McLaughlin, M & Talbert, J. 2001. *Professional Com-*

- munities and the Work of High School Teaching*. Chicago, IL: University of Chicago Press.
- Moran, P. 2005. Structural vs. Relational Embeddedness: Social capital and managerial performance. *Strategic Management Journal*. 26: 1129-1151.
- Mowday, R & Sutton, R. 1993. Organizational Behavior: Linking Individuals and Groups to Organizational Contexts. *Ann. Rev. Psych.* 44: 195–229.
- Nahapiet, J & Ghoshal, S. 1998. Social Capital, Intellectual Capital, and the Organizational Advantage. *Academy of Management Review*. 23: 242-266.
- Nahapiet, J., Gratton, L & Rocha, H. O. 2005. Knowledge and Relationships: When Cooperation is the Norm. *European Management Review*. 45: 1-12.
- Nelson, S., Brunetto, Y., Farr-Wharton, R & Ramsay, S. 2007. Organisational Effectiveness of Australian Fast Growing Small to Medium-Sized Enterprises (SMEs). *Management Decision*. 45(7): 1143-1162.
- Oliver, C. 1997. Sustainable Competitive Advantage: Combining Institutional and Resource-Based Views. *Strategic Management Journal*. 18(9): 697-713.
- Onyx, J & Bullen, P. 2000. Measuring Social Capital in Five Communities. *J. Appl. Behav. Sci.* 36(1): 23–42.
- Payne, G. T., Moore, C. B., Griffis, S. E & Autry, C. W. 2011. Multilevel Challenges and Opportunities in Social Capital Research. *Journal of Management*. 37(2): 491–520.
- Pelham, A. M. 1997. Mediating Influences on the Relationship between Market Orientation and Profitability in Small Industrial Firm. *Journal of Marketing Theory and Practice*. 5 (3): 55-76.
- Pinho, J. C. & Elisabete, S.. 2013. Entrepreneurial Performance and Stakeholders' Relationships: A Social Network Analysis Perspective. *International Journal of Entrepreneurship*. 17: 1-9
- Porter, M. E. 1985. *Competitive Advantage*. New York: The Free Press.
- Porter, M. E. 1994. *Keunggulan Bersaing*. Jakarta: Binarupa Aksara.
- Porter, M. E. 1998. *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: The Free Press.
- Rousseau, D & Fried, Y. 2001. Location, Location, Location: Conceptualizing Organizational Research. *J. Organ. Behav.* 22: 1-13.
- Smylie, M & Hart, A 1999. School Leadership for Teacher Learning and Change: A human and Social Capital Development Perspective. *J. Murphy, K. Louis, eds. Handbook of Research on Educational Administration*. Jossey-Bass Publishers, San Francisco, CA. 421–441.
- Spillane, J. P., Halverson, R. & Diamond, J. B. 2001. Investigating School Leadership Practice: A Distributed Perspective. *Educational Researcher*. 30(3): 23-28.
- Suardhika, I.N., Ubud S, Eka A.T & Armanu. 2012. Integrasi Sumber Daya Strategis, Orientasi Kewirausahaan dan Dinamika Lingkungan sebagai Basis Strategi Bersaing serta Pengaruhnya terhadap Kinerja Usaha. *Jurnal Aplikasi Manajemen*. 10 (1): 216-227.
- Tsai, W & Ghosal, S., 1998. Social Capital and Value Creation: The Role of Intra firm Networks. *Academy of Management Journal*. 41 (4): 464-476
- Villena, V. H., Revilla, E & Choi, T. Y. 2011. The Dark Side of Buyer-Supplier Relationships: A Social Capital Perspective. *Journal of Operations Management*. 29: 561–576.
- Weber, C & Weber, B. 2011. Exploring the Antecedents of Social Liabilities in CVC Triads: A Dynamic Social Network Perspective. *Journal of Business Venturing*. 26: 255–272.
- Wernerfelt, B. 1984. A Resource-Based View of The Firm. *Strategic Management Journal*. 5: 171-180.
- Wernerfelt, B. 1995. The Resource-Based View of The Firm: Ten Years After. *Strategic Management Journal*. 16: 171-174
- Wincent, J., Thorgren, S & Anokhin, S. 2014. Entrepreneurial Orientation and Network Board Diversity in Network Organizations,” *Journal of Business Venturing* 29, 327–344.
- Wincent, J., Thorgren, S & Anokhin, S. 2013. Managing Maturing Government-Supported Networks: The Shift from Monitoring to Embeddedness Controls. *British Journal of Management*. 24: 480–497.
- Yuniawan, A. 2009. Pemodelan Hubungan antara Variabel Organisasional dan Variabel Pelanggan dalam penyampaian layanan serta Pengaruhnya Terhadap Retensi Pelanggan pada Lembaga Pendidikan Tinggi. *Disertasi. Tidak dipublikasikan*. Preogram Doktoral. Malang: Universitas Brawijaya.