The role of organisational culture, intellectual capital and competitive advantage in supporting the government policies in education

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Abstract: The purpose of this research was to examine and analyse the effect of organisational culture on the intellectual capital and the influence of intellectual capital on competitive advantage in the private universities in Indonesia to support the government policies in education. The research methods applied was the explanatory survey, verification and causal relationship. The samples in this research are 157 private universities, which are obtained using proportional probability sampling technique and power analysis approach. Data collection was carried out by interview, observation, and questionnaire techniques that have been tested for validity and reliability. The analytical test applied structural equation model (SEM)-LISREL 8.3, through the second-order approach. The result of research concluded that organisational culture had significantly influenced intellectual capital, and the intellectual capital had influenced the competitive advantage.

Keywords: competitive advantage; government policies; human capital; intellectual capital; organisational culture.

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1 Introduction

The increasingly tougher competition in education dictates a university to have a competitive advantage. One of many ways to realise it is by improving intellectual capital owned by the university. As stated by Carlucci and Marr (2004), Bontis et al. (2000), and Zhou and Fink (2003), intellectual capital becomes a critical resource for the thriving and the success of the company, because it has a significant effect on the business advantage. In conjunction with such notion, one of many crucial aspects in improving the competitive advantage is human resource, the characteristics of which are not easily copied by other people; it has innovation; and it creates values.

Based on the data shown by Webometrics (2013), state universities in Indonesia are ranked above 500 best universities in the world, while private universities in Indonesia (PTS) are ranked above 800 and in this case, PTS Kopertis Region IV is ranked above 3,000. This data shows that the development of the university in Indonesia, compared to the development of the university in the global world, is considered to have yet to compete maximally. This happens seemingly because majority of lecturers have not maximally produced scientific writings and publications; they have not maximally conducted researches; they rarely participate in scientific activities, such as call for paper in national or international scale. This situation is an evidence of the less maximised productivity of PTS lecturers. It is also supported by the fact that the number of accredited journals in Kopertis Region IV is only about 1.4% (Directorate General of Higher Education, 2010; Indiyati, 2014). In addition to that, two problems caused this to happen in Kopertis Region IV. First, there are 43.3% lecturers who are still in bachelor degree, which means that they have not fulfilled the standards in Act No. 14 year 2005, stipulating that lecturers should at least have master degree. Second, viewed from lecturer qualification based on the functional post of lecturer, there are lecturers who have not achieved academic post yet (61.4%). This data reflects the reality that the number of PTS lecturers who have been certified by the government is only 10.6%.

The next phenomenon, as shown by The Ministry of Manpower and Transmigration (2013) and supported by Tanoesoedibjo (2013), is that in February 2013, the university educated labours were only 6.96%. In other words, elementary educated and uneducated labours still dominated in 54.6 million people. Open unemployment level based on educational level in Indonesia had reached 5.92%. In 2013, there were about 360,000 unemployed university graduates from the total number of employment 7.39 million people. This situation happens because some PTS have not yet to be accurate in seeing the needs of employers, especially in seeing the crucial needs to be featured in the curriculum. PTS have yet to be all out in conducting and developing cooperation with external party, such as local government, industries, professional associates, and with high schools. Any meeting and discussion to obtain advice and feedback from employers, that are very useful in designing the curriculum, has not yet to be organised regularly by PTS, which then leads to the fact that the majority of the graduates still wait up to six months or longer to get a job (Indiyati, 2014).

In line with that, an important aspect that needs a close attention from university to improve intellectual capital to create a competitive advantage is the realisation of a strong organisational culture. Organisational culture becomes a critical issue in the company in order to improve its intellectual capital and a company that has a strong organisational
culture will have a higher competitive advantage than a company of a weak organisational culture (Deal and Kennedy, 2000; Zhou and Fink, 2003; Noe et al., 2003).

Another phenomenon shows a reality at work: about 30% of PTS in Indonesia were closed down because they were unable to compete with other universities, including with state universities (Akhmadi, 2008). This is corroborated by the statement from Wayah-Secretary General of Aptisi (Akhmadi, 2008), saying that those PTS could no longer operate because they were unable to adjust to the needs of the society and the people. It is suspected that those PTS had yet to be maximal in creating and innovating, while, in fact, to compete with others, creativity and innovation are needed. For instance, the creation of curriculum that is adjusted to the needs is required to produce graduates with the skills and competence needed by the employers. It is also suspected that PTS was not so brave to take a risk in spending money for a promotion that the number of students gained did not reach the target. This condition is verified by the data shown by Kopertis Region IV that Market Participation Number (APK) in West Java is 7.4% (Indiyati, 2014). Moreover, based on the data from Kopertis Region IV in 2012, it is also shown that about 50% of study departments in the PTS were expired and had not been accredited. The reason for this is that the departments of study were unable to perform three basic functions of the university according to the standards stipulated by University National Accreditation Office (BAN-PT).

Based on several problems discussed earlier, it is crucially interesting to conduct research on the influence of organisational culture on the intellectual capital and its effects on the competitive advantage. In this way, the objective of this research is to examine and analyse the influence of organisational culture on the intellectual capital and its impact on the competitive advantage in private universities.

2 Literature review

2.1 Organisational culture

Organisational culture is an important aspect that needs a close attention, because it reflects the characteristics and the image of the organisation. If the organisation has the characteristics of organisational cultural values shared by all members of the organisation, it can be said to have a strong organisational culture. Organisational culture is regarded as a collective thought process and a thorough understanding of all members of the organisation about what and how each employee can achieve organisational objectives, which distinguishes the organisation with other organisations (Gordon and Cummins, 1979; Hofstede, 1980a, 1980b; Hofstede et al., 1990). Indeed, Sanchez-Canizares et al. (2007) proposed a new model, which states that the organisational culture is an important element for developing structural capital, which is a business philosophy where individuals can try new things and develop their ideas, where organisations with a strong structural capital require organisational culture. Next, organisational culture is a common perception that is believed and conducted by all members of the organisation, that is essential in nature and consists of common core values, beliefs, serving as a manual of conduct for all members of the organisation and as the characteristics or the identity of the organisation (Kreitner and Kinicki, 2008; Greenberg and Baron, 2005). The basis of every organisational culture is a set of core characteristics that are respected collectively by the members of the organisation.
Organisational culture also has several important functions: to show identity, to show collective commitments, to show characteristics, to explicate standards of conduct, to give the company (organisation) a competitive advantage (Kreitner and Kinicki, 2008; Robbins, 2011; Greenberg and Baron, 2005).

Organisational culture in an organisation can be different from another organisation, because the culture of the organisation can demonstrate the characteristics, properties or certain characteristics that show similarity. Hofstede and Hofstede (2005) divides organisational culture characteristics into five categories: power distance, individual-collectivism, the quantity of life-quality of life, uncertainty avoidance, and long-term-short-term orientation. Furthermore, in this study, the researcher formulated the construct of organisational culture in accordance with the phenomenon in the university, which belongs to the organisational culture characteristics (Tan, 2002; Gordon and Cummins, 1979; Gordon and DiTomaso, 1992). The characteristics are: Integration (the degree to which a unit of the organisation working together in a coordinated way); Identity (the degree to which members are proud to be part of the organisation as a whole, compared with the specific working groups or specific professional expertise, as well as the introduction of an external party); direction (the ability of the organisation to create clear objectives and set performance expectations); control (a number of rules and regulations, as well as direct supervision of the head, which is used to view and monitor employee’s behaviour); Risk tolerance (the circumstances in which employees dare to take risks, to be more aggressive and more innovative); individual initiative (the individual feel free to create and innovate, to remain responsible), communication pattern (the degree to which the communication is limited to the formal hierarchy of authority); conflict tolerance (a state in which the conflict often resolved receive advice and criticism, as well as publicly); management support (managers providing help and support to subordinates), reward system (where the allocation of rewards based on performance criteria, as opposed to seniority and favouritism, and providing remuneration should meet the principles of consistency, both internally and externally).

2.2 Intellectual capital

The concept of intellectual capital has been developed by the experts with the same purposes: to help organisation value the measured intangible asset so that it is easier to communicate and interpret. Some experts said that the intellectual capital could be regarded as the performance of the company, which is another form of the balanced scorecard. Intellectual capital is intangible asset, which initially measured the internal resources of the company, then externally developed into a strategic asset, including the competence of the company, which eventually classified intellectual capital into human capital and structural capital (Roos and Roos, 1997; Edvinson and Malone, 1997; Sveiby, 1997). Mintzberg and Waters (1985) named it as ‘the process strategy’, while Hall (1993) stated it as an organisation capacity based on employees competencies (human capital) and non-employee asset (structural capital).

Furthermore, the concept of intellectual capital developed into an important asset to encourage companies to achieve competitive advantage. Intellectual capital is a collection of all the knowledge, competence of employees, information, intellectual property, the technology of the organisation, customer relations, which are considered as intangible assets and potential future earnings. It can provide more value for customers and can
increase the competitive advantage of the company, so it can be expressed as a combination of human capital, structural capital and relational capital (Stewart, 1997; Brooking, 1996; Edvinson and Sullivan, 1996; Edvinson, 2000; Barney and Hansen, 2002; Bontis, 2002). In line with those, Roos et al. (2005) stated that intellectual capital is non-monetary and non-physical resource that is fully controlled by the organisation and it contributes to the creation of value. From this point, there are three domains of intellectual capital:

1. external structure (related to the intangible relationship as customers, suppliers, trademarks, brand names)
2. internal structure (IT systems and process, patents, models, concepts created by the employee)
3. individual competence of the employee.

Nevertheless, Joia (2000) noted that the intellectual capital a virtual capital within the organisation that includes four components: human capital, innovativeness, process, and relational capital.

In addition to that, based on Sanchez-Canizares et al. (2007) and Zuhal’s (2010) notion, in this study, the researcher formulated intellectual capital construct in accordance with the phenomenon in university, so that the classifications are as follow:

Human capital is invisible knowledge of individual, comprising of implicit knowledge (education and competence), skills (expertise that is in line with the competence field), soft skills (lobbying, leadership, entrepreneurship, managerial, networking, and expertise in the respective disciplines) and attitude (visionary, honest, responsible, discipline, cooperative, fair, caring, and highly competitive).

Relational capital is a comprehensive knowledge in marketing and customer relationship, comprising of networking (external cooperation, partnership, participation in various national and international activities), reputation (awards and acknowledgement) and customers (university alumni, government, industries, research institutions and financing departments).

Structural capital is an invisible knowledge of organisation that relates to the tacit knowledge, comprising of explicit knowledge (scientific journals, research results, patent, writings, publications, competitions) and process (ICT infrastructure, computerisation, management information system).

2.3 Competitive advantage

Porter (1985) the expert in strategic management, states that competitive advantage is the ability to earn returns on investment consistently above the average for the industry. Moreover, Ma (2004) developed the concept that competitive advantage is a condition of positional superiority, which an organisation occupies where its successful strategies are difficult to be copied. This subsequently helps the organisation to gain sustainable benefits. In line with that, competitive advantage is a strategy designed by the company to create something new and distinguishable, able to create added value for customer, that cannot be copied by the competitors (Barney, 2007; Noe et al., 2010).
A competitive strategy that can be used by an organisation to achieve competitive advantage is popularised by Porter (1985) and developed by Schuler and Jackson (2006). It consists of innovation strategy, quality strategy, and expense strategy. Developing Porter’s strategy, the researcher formulated a construct of competitive advantage that is made by the phenomenon in the university:

Innovation strategy is defined as a change that is offered by the company to the people (product/service innovation) as well as the ways to create and deliver the change (process innovation). The ability of the company to create innovation can be in the form of product/service, process and management. Product/service innovation is the ability of the company to offer different new services or products into a market to achieve customer’s satisfaction. Process innovation is the ability of the company to produce a process of manufacture of service that is better than the recent process. Management innovation is the ability of the company to boost its performance through the implementation of new rules, systems and managerial methods (Liao et al, 2007).

Service quality strategy: in conjunction with the fact that the research object in this study is university, which offers services, therefore what is meant by the quality of this study is the quality of service. It leads to the concept of service that is proposed by Kotler (2010) that is tangible, empathy, reliability, responsive, and assurance. Tangible is defined as a physical appearance, in the form of physical facilities and equipments. Empathy is understanding and paying attention to the needs of the customers. Reliability means the ability to provide an accurate, immediate and satisfying service. Responsive is to provide a service fast or to be quick in response. Last, assurance is the presence of certainty or a characteristic of honest.

Expense strategy: the characteristics of the company that adopts expense strategy are running overhead minimisation principles, conducting tight control, and achieving economic scale.

Based on some concepts discussed above, the hypotheses of this research can be said in the manner that organisational culture has influence on intellectual capital (H1), and intellectual capital has influence on competitive advantage (H2) in private universities (PTS).

3 Methodology

The research method used in this study is explanatory survey method, the type of the investigation is causal relationship and the nature of this research is verification. The sampling technique is proportional probability sampling, in which the number of the samples was decided by using power analysis-power test approach and it was resulted in 157 PTS at Kopertis Region IV as samples. The respondents are the head of department or vice dean, vice-dean or rector and the students. The data collection was conducted by using the technique of observation, interview, and questionnaire that have been tested for validity and reliability. Analytical test in this research applied Structural Equation Model (SEM)-LISREL 8.3, through second-order approach. Different from regression analysis, one advantage of using SEM is that it has some endogenous variables (dependent) and these endogenous variables can become exogenous variables (independent) to other endogenous variables [Hair, (1995), p.662].
4 Result and discussion

4.1 Validity test and reliability test

Using corrected total item correlation, all validity indexes is higher than critical value 0.30. Therefore, it can be concluded that all statement of the items that were used to measure the three variables are already valid so that they can be used for the next stage of analysis. Next, it can also be seen that reliability coefficients are higher than 0.70, and therefore all statement items are reliable.

4.2 Testing assumption in SEM

To run SEM analysis, it is necessary to run normality testing and goodness of fit model testing in advance. Below is the result of normality testing (Table 1) and goodness of fit model testing (Table 2):

Table 1  Multivariate normality testing result

<table>
<thead>
<tr>
<th>Skewness</th>
<th>Z-score</th>
<th>P-value</th>
<th>Kurtosis</th>
<th>Z-score</th>
<th>P-value</th>
<th>Skewness and kurtosis</th>
<th>Chi-square</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>770.545</td>
<td>31.396</td>
<td>0.000</td>
<td>2,193.409</td>
<td>13.674</td>
<td>0.000</td>
<td>1,172.708</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

In the multivariate normality testing, the chi-square value is 1,172.708 with p-value 0.000. Because the p-value is lower than 0.05, it can be concluded that manifest variable data (indicator) does not distribute normal multivariate. According to the data of normality testing result (non-normal distribution), the compatible estimation method to be used to test the influence of organisational culture on intellectual capital and its effects on the competitive advantage is robust maximum likelihood method.

Table 2  Goodness of fit model testing result

<table>
<thead>
<tr>
<th>Measurement of goodness of fit</th>
<th>Estimated value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>457.5520 (p-value = 0.4444)*</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.02856*</td>
</tr>
<tr>
<td>Norm chi-square</td>
<td>1.0077*</td>
</tr>
<tr>
<td>GFI</td>
<td>0.744</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.702</td>
</tr>
<tr>
<td>Root mean square residual (RMR)</td>
<td>0.0408*</td>
</tr>
</tbody>
</table>

Note: * Fulfilling criteria of good model.

The calculation result of $\chi^2$ (chi-square) value for the model observed is 457.5520 with p-value = 0.4444. The fact that p-value is higher than 0.05 shows that $\chi^2$ testing is insignificant. Therefore, the research model composed can be said be statistically compatible. Based on root mean square error of approximation (RMSEA), value for the observed model 0.0286 shows that the obtained model fulfils the criteria (< 0.10). The result of RMSEA also concludes that the model fit the data perfectly. The result of absolute compatibility measurement shows that the obtained model fulfils the criteria of
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The goodness of fit on the RMSEA value which is relatively low ($0.02856 < 0.10$) so that it can be concluded that the empirical model obtained is already compatible with theoretical model, which means that SEM model used in this research is appropriate and compatible.

**Figure 1** The influence of organisational culture to the intellectual capital and the effect to the competitive advantage on private universities (standardised coefficient)

<table>
<thead>
<tr>
<th>Endogenous constructs</th>
<th>Exogenous constructs</th>
<th>$R^2$</th>
<th>t-table</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MI</td>
<td>BO</td>
<td>0.59</td>
<td>1.975</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are the t-test statistic value.

**Table 4** Influence of intellectual capital on competitive advantage

<table>
<thead>
<tr>
<th>Endogenous constructs</th>
<th>Endogenous constructs</th>
<th>$R^2$</th>
<th>t-table</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>KB</td>
<td>MI</td>
<td>0.853</td>
<td>1.975</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are the t-test statistic value.

### 4.3 The influence of organisational culture to the intellectual capital

Based on Figure 1 and Table 3, it is shown that path coefficient of organisational culture towards intellectual capital shows a value of 0.765. Thereby, it can be said that the significance of the direct influence of organisational culture on intellectual capital is 0.765 deviation standard. It means that if there is an escalation of one standard deviation in organisational culture scale, intellectual capital will increase 0.765 deviation standard in intellectual capital scale. Furthermore, the square value of this figures $0.765^2 = 0.585$ or 58.5%. It means that organisational culture can influence intellectual capital of PTS as much as 58.5%. In other words, it can also be interpreted that the significance of the
change of intellectual capital that can be explained (shown) directly by organisational culture is 58.5%. The next stage was testing the hypothesis, which aims to prove whether organisational culture significantly influences intellectual capital. The result of statistical calculation of student t-test shows that the value of t-statistic (11.706) is higher compared to the value of its t-table (1.975), which is significant. It leads to a conclusion that organisational culture has a significant influence on intellectual capital in private universities.

If PTS always determines its objectives clearly and directly, all leaders of the organisation always give a full support, and all members of PTS organisation are encouraged to improve their creativity and innovation while keeping responsibilities according to their obligations, it will lead lecturers, staff and leaders to think and behave visionary and work more full of spirit to improve their knowledge and skills, the ICT facilities will be more compatible. The lecturers then can have a higher creativity in making lesson plans. This can lead to the skill improvement of the lecturers, in which the lecturers can be more creative and innovative in delivering topics of discussion in class, pointing out real, accurate and new examples to the students in an interesting and motivating game play method, which will make students understand more comprehensive of what the lecturers explain in the classroom. Furthermore, the lecturers can give clearer directions to students and motivate students in the event of student counselling activity, both in their final projects or in their daily assignments. The more important case here is that the lecturers can be more productive, because lecturers can conduct more researches, write more journals, and publish more writings and other scientific publications. As the lecturers are more productive and improve their education level, they support the government policy in education stipulated by Law No. 14 of 2014 and the government target of 25% lecturers with a doctoral degree. It in turn will improve the educational quality in Indonesia and in international level. These results are in line with Zwell (2000) and Lunenburg (2011) that organisational culture can be used to strengthen the human resource competencies. It is also stated by Sanchez-Canizares et al. (2007) that organisational culture is an important element to improve the structural capital.

If all members of PTS have a strong pride in being part of the organisation, such as always being proud and happy wearing PTS attributes and spreading good news about the organisation and have their rewards distributed fairly, it will improve the commitment of all members of the PTS. This result is consistent with Robbins (2011), Nelson and Quick (2011), Kreitner and Kinicki (2008), Greenberg and Baron (2005), that one of the functions of organisational culture is for all the employees to realise commitments together. In this case, commitment and competence are components of human capital, and human capital is one of the components of intellectual capital, so it can be viewed that organisational culture affects the intellectual capital.

If all members of PTS always create and innovate on new things, PTS can develop cooperation with any party of the same interest that can support PTS to achieve its objectives such as government, industry, professional institutions (either national or international). In the end, PTS can obtain some awards and achieve acknowledgement either regionally or globally. All of them can improve the performance of the PTS in international level. Overall, it is also in line with the research conducted by Amiri (2010), Quink (2008) and Jarad et al (2010) that draws a conclusion that organisational culture has an influence on the intangible assets of intellectual capital. In other words, organisational culture can improve the organisational performance in the form of intangible asset, namely intellectual capital.
It can be inferred that the other factors besides organisational culture that have an influence on the intellectual capital of PTS is 41.5%. Those factors may be in the form of organisational design, staffing strategy, development strategy, organisational structure and technology, leadership, communication and value (Quink, 2008; Stewart, 1997).

4.4 The influence of intellectual capital to the competitive advantage

Based on Figure 1 and Table 4, it can be seen that path coefficient of intellectual capital to competitive advantage is 0.924. This data shows that the direct significance of intellectual capital on the competitive advantage is 0.924 deviation standard. It means that in every escalation of one deviation standard in intellectual capital scale, the competitive advantage increases 0.924 deviation standard in competitive advantage scale. Furthermore, the square value of this figure is $0.924^2 = 0.86$ or 86%, which means that intellectual capital can influence competitive advantage of PTS as much as 86%. In other words, it can also be interpreted that the significance of the change of competitive advantage that can be directly explained and shown by intellectual capital is 86%.

The next stage is the hypothesis testing that aims to prove whether intellectual capital significantly influences to the competitive advantage. The result of statistical calculation of student t-test is that the value of t-statistic (3.064) is higher than t-table (1.975), which means significant. It can be concluded that intellectual capital has a significant influence on the competitive advantage in private universities.

If PTS conducts, maintains, and improves a good cooperation with government, professional associations, national or international industries, and supported by more significant contribution from alumni, and employers play an active role in developing PTS, then PTS will give guarantee to the graduates and to the employers, graduates will find a desired job faster and employers will be satisfied with having the needed skills and competence from the graduates. PTS will run the development of learning and teaching methods in more innovative forms. PTS can also establish featured programs in every department of study, so that they have competitive advantages.

If PTS completely facilitates its ICT infrastructure according to the needs, PTS will be able to run automation so that PTS will become excellent in a fast, accurate, satisfying service and also will be excellent in products, processes and management and then be excellent in expenses. The result of this study is in line with the statement coined by Schuler and Jackson (2006) and Dyer et al. (2006) pointing out that in running service quality strategy, commitments and high skills from employees are required and for expense strategy, automation is required.

If academic staffs of PTS possess high commitments and competence, then it will improve an immediate, accurate, empathy and satisfying service in administration; in terms of being responsive towards students’ needs and other customers. If leaders, lecturers and staff have considerable skills and attitude of visionary, responsibility and highly competitive spirit, they will create innovation or uniqueness in products, innovation in processes in terms of learning and teaching method development, innovation in management by applying integrated management system effectively and efficiently, such as the application of total quality management (TQM), balanced scorecard, and adopting the adaptive organisational structure. The result of this research is to the notion coined by Amiri et al. (2010) stating that intellectual capital can be used by a company to achieve competitive advantage. Hsu (2006) also asserts similar view:
intellectual capital has an influence on to the competitive advantage of a company. In addition to that, a research conducted Zhou and Fink (2003) concludes that if intellectual capital is utilised in the right way and exploited in a good portion, the company will be successful and excellent in competing. Furthermore, research done by Chen and Huang (2007), Abdolmohammadi (2005), Zhou and Fink (2003), Ahmadi et al. (2012) and Bontis (2004) deduce that if intellectual capital is a measured resource, it will improve company’s competitive advantage. Intellectual capital is a critical resource for the thriving and the success of a company in achieving competitive advantage.

The result of this research also gives an outline that customer capital also has a more significant influence on the improvement of competitive advantage of PTS than human capital and structural capital. The result of this research is in agreement with the one done by Lim and Dallimore (2004) and Kotler (2010), which states that customer capital has a higher value than other forms of intellectual capital. Customer capital can give higher profit for the company and can give the benefit for the investors.

Next, in this research, it seems that the factors other than intellectual capital that have influence on the competitive advantage of PTS are 14%, the factor of which is tangible capital, the finance capital. The study shows that competitive advantage of PTS is a lot more influenced by its intellectual capital factor than influenced by its finance capital. The result of this research is in line with the view asserted by Collis and Cynthia (1995), Ma (2004), Ramadhan (2010), and Quink (2008) that competitive advantage of a company is influenced by intangible asset (intellectual capital) and tangible asset (finance capital), corroborated by the statement of Barney and Hansen (2002) that if a company can manage some important assets in the form of intellectual capital well, then it will improve the tangible asset of the company and in the end it can create competitive advantage in the company. The similar opinion is pointed out by Kuang et al. (2010) and Zuhal (2010) that a successful company is the one that gains advantage from its intangible asset, which is the intellectual capital.

Finally, the synergy between organisational culture and intellectual capital can bring a significant effect to the improvement of competitive advantage in PTS. It can be proved by the calculation of the significance of organisational culture on the competitive advantage through intellectual capital as follows: $0.765 \times 0.924 = 0.707$ deviation standard, so that its significance of the influence is $0.7072 = 49.98\%$. It means that all changes to competitive advantage in PTS caused by organisational culture through its intellectual capital are $49.98\%$. It is in accordance with the statement coined by Kreittner and Kinicki (2008), Robbins (2011), Greenberg and Baron (2005) pointing out that one of many functions of organisational culture is to achieve commitments. The result of this research is in line with one conducted by Amiri et al. (2010) that organisational culture can be used to improve intellectual capital, which then leads to the improvement of competitive advantage of a company. The similar assertion is expressed by Zwell (2000) stating that the basis in achieving competitive advantage of an organisation, one of them, is organisational culture, in which it strengthens the competence and the commitment of the human resources.

In general, this research supports, complete, and develop the results of research and the concepts from the experts, where this research was conducted in a service field, namely in university education.
5 Conclusions and recommendation

Organisational culture has a significant influence on the intellectual capital in private universities. This finding indicates that intellectual capital of private universities will improve if it can strengthen their organisational culture through integration, direction, risk tolerance, individual initiative, control, identity, management support, reward system, communication pattern and conflict tolerance. Next, the intellectual capital has a significant influence on the competitive advantage of private universities. This finding indicates that product innovation, process innovation, management innovation, and service quality of private universities will improve, and the cost will be efficient if the intellectual capital (human, structure and customer) can give more values to the customers. Finally, the synergy between organisational culture and intellectual capital can give a significant effect on the improvement of competitive advantage of private universities that are able to support the government policies and have significant contributions to the education in Indonesia.

The private universities should improve its customer capital by maintaining and developing a good cooperation with professional associations, industries, and government and then to improve its reputation as well as improve its contribution from either alumni or employers. The private universities should also improve the motivation of all members of the organisation to be more creative, innovative, and responsible. The private universities should also not be too strict control and improve a strong identity. In order that PTS can have maximum competitive advantage and intellectual capital to support the government policy in education, it is recommended that the future research can add other variables from internal environment of the universities (leadership, organisational design, staffing strategy, development strategy) and external environment, such as government policy as moderating variable to examine the effectiveness of government policy. The limitation of this study is the population, so the future researchers need to determine the university population in all parts of Indonesia.

References


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