The Effect of Knowledge Management on Competitive Advantage

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Abstract: *The purpose of this study was to analysis the effect of knowledge management on competitive advantage. The population in this study was all the College managed by the community in Southeast Sulawesi that numbered 37 universities. The questionnaire used in this study is distributed to higher education managed by the community through two ways: (1) researchers delivered directly to the college managed by the community through the institution or personally to the leadership of the University managed by the community in Southeast Sulawesi. Then make an agreement for the return of the questionnaire. (2) Researchers delivered the questionnaire through APTISI Kendari that then distributed to higher education managed by the communities that are the target population in this research. Through two ways, the entire questionnaire distributed. Samples used in this study as much as 90 samples. Methods of data analysis used in this research are Structural Equation Modeling (SEM) based on partial variance Least Square (PLS). The result showed that knowledge management has positive and not significant influence on the competitive advantage. This indicates that a good knowledge management is not directly determinan competitive advantage*

Keywords: Knowledge Management, Competitive Advantage

1. Introduction

Education has an important role in producing a reliable human resource. Service Provider Education has the obligation to create high quality human through a process of education effectively. In general, education services provider in Indonesia consists of two kinds of service that are education held by government and community. Education services provider categorized according to the purpose of service provider and is nonprofit organization. The role of education is very important in the life. According to the Act No. 20/2008 on National Education System education is a conscious and planned to realize the learning environment and the learning process so that the students actively develop their potential to have spiritual strength religious restraint, personality, intelligence high moral standards and skills, which required himself, community of the nation and state.

So the importance of the role of education, then in the constitution mandated that every citizen is entitled to receive education, teaching and the government attempting to hold a national education system that implementation is regulated in the law. Universities as one of the instruments of national education is expected to become the center of the implementation and development of higher education and maintenance, construction and development of science, technology and/or the arts as a scientific community that can improve the quality of societal life, nationhood and statehood. To achieve the goal of national education as listed in the regulations No.20/2008 on National Education System (review), the organizer of the national higher education in Indonesia conducted by the government. Higher education services consist of academic education and professional education, while education units who held a higher education in the form

of the academy, technical colleges, high school, Institute, and universities.

Chong, 2003, develop models to achieve the competitive advantage, there is a relation between Knowledge Management as one of the source of the competitive advantage of universities. When a college has the empowerment of the overall knowledge management is good will support the improvement of the position of the competitive advantage of universities. Marie (2009) stated that to develop models of competitive advantage in university environment. In the research, Marie tries to explain some of the factors that can affect the competitive advantage, university competency factors by looking at the resources owned. In addition to the aspects of the competencies, competitive advantage is also influence by the social structure that exists in the university. Is the social structure in his research at the university as the top of the pyramid, teaching staff and students? The source of the strength of the internal organization that cannot adapt by a competitor is knowledge management. The knowledge exists in every aspect of the individual and the individual has the knowledge that is different from each other. The competition is not might imitate the knowledge that belongs to the company. As a power source for an organization, should the organization to manage the knowledge management with good.

Make knowledge management become competitive advantages of the organization knowledge management should be used and applied significantly by the company. The form of the concrete implementation is to develop knowledge-based organization strategy. Knowledge-based strategy expected to be able to explore the uniqueness that owned by the organization. SWOT concept *(strengths, weakness, opportunities* and *HMM)* have long been known by practitioners and academia. SWOT framework explaining and analyzing internal company capabilities reflected in the strength and weakness related to the opportunity and the

threat of environmental organizations. The organizations are recommended for action strategic to utilize the opportunity, reduce weakness, minimize threats and capitalize opportunities. The strategy of the organization can be seen as the action to balance the external condition of the organization with internal organizational capability.

Sustainable competitive advantage can be achieved when the knowledge management capabilities to be creative and implement a strategy that will hold the competition imitate an and capable of creating competition in a long time (Bharawaj, Varadarajan & Fahy,1993). So this study is interesting to do because to achieve the competitive advantage that is a reflection of the performance for a long period of time can be started with a planning strategic mature.

2. Literature Review

2.1. Knowledge Management

The knowledge that is owned by an organization is a very precious asset (Lopez et al, 2011) and is microscopically assets or intangible *assets (*Goel et al, 2010), knowledge is also an internal company resources most valuable, unique difficult replaced, and difficult to imitate (Kaplan et al, 2007). With the knowledge and the ability to create new knowledge, companies can use, manipulate and transform other resources. The organization must be aware of the importance of managing and take advantage of the best of the knowledge of the individual - the individuals in the organization as the assets of the organization.

Tiwana (2000) define KM as knowledge management organizations to create value and produce competitive advantage or outstanding performance. KM considered important because of its implementation to provide benefits in the field of operation and services can improve personal competence, keep the availability of *knowledge* and innovation and product development.

Knowledge Management done correctly very many benefits for the organization, among regular (Prijono said, 2008):
1) *Explicit knowledge in the* form of documents and procedures that the more well-documented,
2) Troubleshooting issues more quickly because the sources of knowledge (*expert*) is easily accessible,
3) With documented *best practice* and from time to time every business process changes more efficient,
4) The same error does not occur repeatedly,
5) The establishment of culture collaboration as effects of sharing culture which resulted in the emergence of innovation.

The Government is aware of the importance of KM in the making of policy and services to the public. This is shown by the issuance of Regulations Menpan-RB Number 14 2011 on guidelines for Program Implementation Knowledge Management*.* In the regulation, implementation of Knowledge Management intended to enhance the ability of the organization to manage its intellectual property assets in the form of knowledge and experience. The aim was to use the asset to achieve the performance of a better organization to accelerate the achievement of the purpose of the implementation of the reform of the bureaucracy.

Based on Chong, et al. (2011) there are 9 factors supporting the knowledge management that influence the improvement of the performance of the organization, namely: support leader, training and learning opportunities employee, the process of sharing knowledge, the availability of ICT infrastructure, incentives redeployment program or rotation work skills and knowledge of technology, technology knowledge sharing and communication technology. Leaders support factor is part of the knowledge management enabler that can create the process of sharing knowledge between the directions of with his servants.

2.2. Competitive Advantage

Ferdinand (2003) explains the competitive advantage is a reflection of the long-term performance of an organization. The superiority of compete is a reference for the position of the organization that guarantee how the sustainability of the performance of the organization where in achieving the performance of an organization implementing various strategies in order to be able to maintain or even improve the performance of the organization.

In this research, the competitive advantage is measured using Best approach (1997) explained there are three main aspects of the competitive advantage, namely: (1) benefits cost *advantage*, (2) *differentiation advantage*, and (3) *marketing advantage*.

3. Materials and Methods

The inclusion of the population by the sample in this research is a vital prerequisite to perform generalizations, therefore the decision in the sampling must pay attention to the design of the sample and sample size (Sekaran, 2003). The population in this research was all the College managed by the community in Southeast Sulawesi that numbered 37 universities.

The questionnaire used in this research is distributed to higher education is managed by the community through two ways: (1) researchers delivered directly to the college is managed by the community through the institution or personally to the leadership of the University is managed by the community in Southeast Sulawesi. Then make an agreement for the return of the questionnaire. (2) Researchers delivered the questionnaire through APTISI Kendari then distributed to higher education is managed by the communities which are the target population in this research. Through two ways, all questionnaires distributed.

Sampling in this study done in a representative sample that will provide results that have the ability to generalized. A representative sample of criteria depending on the aspects that related to each other is the accuracy of the sample and the accuracy of the (*precision*) samples. This research

used *non-sampling probability approach*. The technique that is used *purposive sampling* with *sampling judgment method*.

Purposive sampling is selection techniques or aimed by subjective. This selection done because researchers understand that the required information can obtained from the specific target groups that are able to provide the information required in accordance with the research and have the criteria in accordance with the criteria specified researchers. The selected sampling judgment method for using specific considerations that adjusted with the research or research problem that developed.

Samples used in this research as much as 90 samples. Now the sampling element in this research using the Sampling Frame is a list of the elements of the sampling in the sampling population. The sampling framework used in this research namely college is managed by the community in the form of the High School, colleges and polytechnics.

Data analysis methods used in this research is the Structural Equation Modeling (SEM) based on partial variance Least Square (PLS).

To analyze the results of the survey data, interpreting the results of research and to test the hypothesis, then used descriptive analysis, testing the model of measurement model testing overal, structural model testing and testing terobservasi variable relations. To facilitate the analysis process used some application programs statistics, among others SPSS (Statistical Package for Service Solution) and AMOS (Analysis of the moment popularly) which is a packet in the program Shem (Structural Equation Model).

4. Result and Discussion

The data showed that the high number of universities managed communities in Southeast Sulawesi a decline in 2015. Although the number of based on the shape of the University and the High School, the number has not changed every year, but universities and colleges decline. While in 2013, high number of universities managed by community increased. This increase occurred on the college is managed by the community in the form of the academy. With the increased number of universities is managed by the community will encourage competition between universities become increasingly tight.
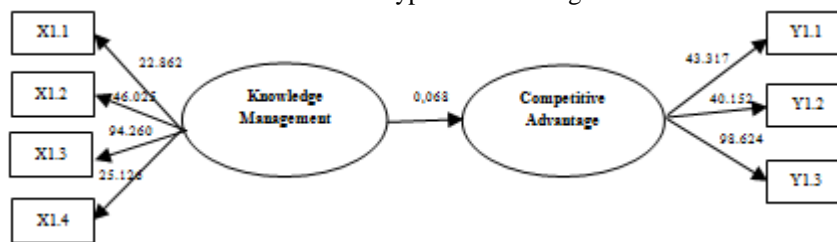
Table 1: Hypothesis Testing

Table 2: The Total Effect Research Variable

Independent variables	Dependent variables	Path Coefficient	P - Value
Knowledge Management	The Competitive Advantage	0.068	0,689

The hypothesis of this research suspected of knowledge management affect the competitive advantage of universities managed by the community in Southeast Sulawesi.

Based on the results of the test of the hypothesis is known that knowledge management has not significant influence on the competitive advantage with the value *p value* 0,689 consecutive patients 0.05 with coefficient value of 0,068. Thus the hypothesis that states that the knowledge management directly affects against the competitive advantage is not accepted (rejected). This result explains that the existence of knowledge management directly cannot increase the competitive advantage,

The influence of the knowledge management is not significant for the competitive advantage of college managed by community in Southeast Sulawesi. These results provide evidence that although the college is managed by the communities have the data, information and knowledge of both good and adequate action, but do not provide a direct

impact in a positive way toward the competitive advantage college is managed by the community in Southeast Sulawesi.

These results in accordance with the literature in the previous study that stated that the management of the knowledge of good will encourage improve the performance of an organization that have an impact on the competitiveness of the organization. Empirically, the literature discusses how knowledge management in an organization will have an impact on the improvement of the competitive advantage of the organization that is a reflection of the performance of the organization. Then empirically Martin et al (2006) proposed that competitive advantage can be created when the organization has a good knowledge management. The results of this research also in accordance with advanced by the research done Susilowati (2005) where the management of the knowledge obtained from the arrangement of internal conditions will produce a competitive advantage.

The difference in the indicators used with the previous literature in measuring the change is of course will have an impact on the possibility of different results. In addition to the differences, a different result is also can be caused by the difference in the location of the research where the location of this research is to measure the competitive advantage college is managed by the community in Southeast Sulawesi.

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In this research, leader of the college managed by the community that promotes openness and accommodation for employees in carrying out its responsibilities and policies that encourage the emergence of trust between the employees do not affect directly against the competitive advantage. Where the existing data in higher education is managed by the community will establish a competitive advantage but through the stages before becoming the competitive advantage.

Once again with the knowledge in the college is managed by the community information used, and actions will not have a direct impact on the formation of the competitive advantage of universities is managed by the community.

The findings in this research can also be interpreted that knowledge management college is managed by the community is not the factor that directly promote the competitive advantage, for higher education is managed by the community sees that knowledge management is not directly form the competitive advantage college is managed by the community. The lack of influence of knowledge management with the competitive advantage directly can be caused by higher education is managed by the community has a good knowledge management but does not automatically create the competitive advantage directly.

5. Conclusions

Based on the findings of this research, knowledge management has not significant influence on the competitive advantage. This indicates that a good knowledge management is not directly determinan competitive advantage. The influence of the knowledge management is not significant for the community in Southeast Sulawesi manages the competitive advantage college. These results provide evidence that although the college is managed by the communities have the data, information and knowledge of both good and adequate action, but do not provide a direct impact in a positive way toward the competitive advantage college is managed by the community in Southeast Sulawesi.

6. Suggestion

Knowledge Management directly has impact on the creation of competitive advantage college manage by the community in Southeast Sulawesi. This can be supported by the theory of knowledge management is capable of positive impact on the competitive advantage directly. Therefore, knowledge management in higher education environment managed by the community needs to be improvement, enhanced and inserted in planning and the community manages strategic policy college. In addition, leaders should pay attention to the internal factors in the form of knowledge management that belongs in drafting the strategic plan in order to know the strengths and weaknesses that belongs to improve competitive advantage college is managed by the community.

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