Market Orientation, Transformational Leadership, Partnership Effects on Organizational Performance: Competitive Advantage as a Mediator

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ABSTRACT

Market orientation, transformational leadership, partnership strategy effects on organizational performance mediated by competitive advantage in non-profit private universities are not widely discussed and well understood. The research aimed to describe the implementation of market orientation, transformational leadership, and partnership strategy, competitive advantage, and organizational performance. The research also analyzed the effects of the independent variables (market orientation, transformational leadership, and partnership strategy) and intervening variable (competitive advantage) on the dependent variable (organizational performance). The research applied a quantitative method. The respondents were 38 rectors or vice-rectors from private universities using simple random sampling. The data were analyzed using the PLS technique. The results show that all independent variables have positive effects on competitive advantage, except partnership strategy. Competitive advantage also has a positive effect on organizational performance. The practical research implication is that human resources in universities must have excellent service-oriented. They need to communicate well and coordinate to deliver better service to the students to be competitive and achieve better performance. In conclusion, to increase the university performance, the university leaders need to encourage all employees and faculty members to deliver the best service to the stakeholders of the universities and coordinate well across units to discuss issues and share ideas to solve the problems they have in service delivery. Then, the employees and faculty members will know what to improve and provide, and private universities will be much more competitive because of their reliable resources and capabilities.

Keywords: market orientation, transformational leadership, partnership strategy, organizational performance, competitive advantage

INTRODUCTION

Referring to Indonesian Government Law Number 12 of 2012 concerning Higher Education by Republic Indonesia Government (2012), there are various types of higher education institutions in Indonesia. The types of higher education institutions are university, institute, school of higher learning, polytechnic, academy, and community college. A university is defined as higher education institution organizing academic, vocational and professional education in several specific sciences and technologies. Meanwhile, an institute is higher education institution organizing academic, vocational and professional education in a number of fields in specific science and technology. Then, a school of higher learning organizes academic, vocational, and professional education in one field of science and technology. A polytechnic is a type of higher education institution with vocational and professional education in various fields of science.
and technology. Similarly, the academy has vocational education in one branch or several branches of specific science and technology. Then, community college is higher education institution organizing vocational education of diploma level one or level two in one or several branches of specific science and technology based on local advantages to meet particular needs.

In ownership and management, Indonesian higher education institutions are categorized into public and private higher education. Public higher education is established and organized by the government. Meanwhile, private higher education is established and organized by the public. It can be said that a private university has academic, vocational, and professional education in several fields of specific science and technology and is established and organized by the public. There are 615 universities in Indonesia. Public universities are 63, and private universities are 552. In detail, there are 59 universities in West Java with 1.042 study programs and 85.552 new students every year (MOE, 2019).

As reported in MOE (2019), West Java has the second-highest number of private universities. The first highest number is in East Java, with 92 universities. West Java has a gross enrolment rate of 19.93% from 35.69 of national gross enrolment ratio. The gross enrolment ratio is defined as the ratio of actual students enrolled to the total population of 19–23 years old who could have enrolled. It also depicts the university performance. For example, low-performance influences motivation to study in universities. The higher the graduate unemployment number is, the smaller number of incoming students are in entering universities. The data are shown in Table 1. The issues mentioned previously are possibly caused by direct relationships between independent variables of market orientation, transformational leadership, and partnership strategy and dependent variable of organizational performance. Moreover, it is believed that an intervening variable is needed in the relationship. Therefore, competitive advantage is employed as an intervening variable.

Market orientation can be defined as creating superior values for customers. Thus, it constantly provides superior performance and organizational culture that performs necessary behaviors efficiently and effectively (Allobaidi & Kitapci, 2019). The market orientation is also a business perspective focusing on customers as a central point of view for the company’s overall operations (Muhajirin & Kamaluddin, 2019). As a result, it can make the company tough in achieving a competitive advantage (Puspaningrum, 2020). Basically, the company must be market-oriented. It needs a systematic and comprehensive operation to commit to creating a competitive advantage sustainably. Several things need to be included, such as superior organizational skills, especially in understanding and satisfying customers to fulfill the market orientation formula and information gathering about customers, competitors, and the market (Muhajirin & Kamaluddin, 2019).

Based on the definitions mentioned, market orientation is the efforts of marketers to win the customers’ hearts by fulfilling customers’ needs and wants. It is to win the competition by creating competitive advantages and customer values and delivering an excellent service to customers by coordinating well across units in the company.

Moreover, academics and practitioners have accepted market orientation as the adoption of marketing concepts as a key strategic element for achieving success under competitive environmental conditions (Widiastuti, 2016). As competition increases and customer needs change, market orientation has a very important role. All companies have to realize that customers are important assets to achieve organizational performance (Puspaningrum, 2020). The integration of market orientation to the organizational culture helps the business to develop customer-based strategies based on the strategic resources in the business (Hamsjioghi, 2018). Customer and competitor orientation involves information about buyers and competitors in the target market and is disseminated through the business. Meanwhile, interface communication is the coordinated use of company resources in creating superior value for targeted customers (Puspaningrum, 2020).

Market orientation can improve company performance through product differentiation and competitive advantage (Udriyah, Tham, & Azam, 2019). Several research results prove that market orientation affects competitive advantage like Udriyah et al. (2019), Suharto and Subagja (2018),

<table>
<thead>
<tr>
<th>No</th>
<th>Province</th>
<th>Gross Enrolment Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DKI Jakarta</td>
<td>94.54%</td>
</tr>
<tr>
<td>2</td>
<td>West Java</td>
<td>19.93%</td>
</tr>
<tr>
<td>3</td>
<td>Banten</td>
<td>118.26%</td>
</tr>
<tr>
<td>4</td>
<td>Central Java</td>
<td>21.78%</td>
</tr>
<tr>
<td>5</td>
<td>D.I. Yogyakarta</td>
<td>126.19%</td>
</tr>
<tr>
<td>6</td>
<td>East Java</td>
<td>30.39%</td>
</tr>
</tbody>
</table>

(Source: MOE, 2019)

The high unemployment number can be caused by the macroeconomic situation and the competency of the graduates. When the economic situation is not good, industries do less job recruitment. Moreover, low competency graduates are not recruited because they do not meet the recruitment criteria. This issue of low competency graduates is essential to be addressed by universities. The management of the university needs to achieve efficiency and effectiveness in its management to create employee engagement and training programs and ensure employees’ job satisfaction.

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and Muhajirin and Kamaluddin (2019). Moreover, the indicators to measure market orientation are the agreement that all units in university always deliver the best service to students, parents, and other stakeholders, university leaders conduct benchmarking to some better universities, and all employees communicate and coordinate to serve the best.

Transformational leadership is one of the emerging leadership concepts (Jangsiriwattana, 2019). It is based on the influence and relationship of the leader with the followers or subordinates. The notions of transformational leadership combine the developed ideas in a character, style, and contingency approach (Siswatiningsih, Raharjo, & Prasetya, 2019). Transformational leaders encourage their followers to do their best and perform beyond expectations by strengthening their consciousness concerning the importance of goals and how to achieve them. They also work for the interest of the team or organization rather than self-interest and aspire for self-actualization needs rather than the security need. In addition, they seek to create an agreement within the group and to develop followers’ skills and resources to meet better future needs (Singh & Krishnan, 2008). It can be concluded that transformational leadership is the art of persuading subordinates to do their best to achieve the goals and the success of their organization.

Transformational leadership is influential enabler that impacts on employee behavior, attitude and work performance (Para-González, Jiménez-Jiménez, & Martinez-Lorente, 2018). Organizations with transformational leadership have more teamwork coordination and have a visionary and long-lasting future than organizations with conventional styles (Yizhong, Baranchenko, Lin, Lau, & Ma, 2019). Some researchers have proven the effects of transformational leadership on competitive advantage (Chen, Lee, & Wang, 2020; Khurram, Jafri, Iram, & Fiaz, 2019; Ghaffari & Shojaei, 2019).

There are several indicators to measure transformational leadership. Those are the agreement that university leaders implement active listening and prepare annual operational budget together with units, they conduct an open discussion with low management level, units, faculty members, and students, they always underline and focus on the shared vision to be achieved, and university leaders never get mad at the employees in public.

A partnership strategy is a temporary and contractual relationship between companies to remain independent. It aims to reduce the uncertainty surrounding the realization of the strategic goals of interdependent partners by coordinating or running together several activities (Ratnawati, 2019). The partnership strategy includes a vertical relationship between a company and its suppliers and a horizontal relationship with its customers (Mustikaningsih, Cahyandito, Kaltum, & Sarjana, 2019). The development of partnership networks can be divided into three stages: the contract stage, partnership development phase, and partnership network integration stage (Vanags, Ābeltiņa, & Zvirgzdiņa, 2018). In the context of a university, a partnership is a gateway to the preparation of a strategy for universities to enable them to identify the problems they face. It is done by identifying and choosing the appropriate strategic alternative. Then, it develops a sound perception of their practices, achieves the objectives, and maximizes the possibilities and resources for universities to achieve their goals of development, growth, and continuity (Alshaerb, Al-Hila, Al Shobaki, & Abu Naser, 2017). Partnership strategy can be defined as a long-term collaboration between an organization and its stakeholder to create competitive advantages and customer values by referring to the previous explanation.

Partnerships help to fulfill the desired conditions of these resources, which lead to competitive advantage (Ratnawati, 2019). Previous researchers have proven the effects of partnership strategy on competitive advantage (Ratnawati, 2019; Herawaty & Raharja, 2019; Muchtar, Miyasto, & Rahardja, 2018). The indicators to measure the partnership strategy is the agreement that universities partners focus on the efforts to gain high-quality university management, the partnership is based on long-term relationship, university leaders always find solutions to problems faced in operation, the universities and partners have continuous improvement partnership programs, and the universities always make planning and goal setting together with the partners.

Competitive advantage is the ability of the organization to acquire, integrate and reconfigure its resources in response to growing and changing customer demands (Yamin, 2020). A company is said to have occupied a competitive advantage position if it has a competitive advantage in resources that can produce superior value at a low cost (Muhajirin & Kamaluddin, 2019). It grows from the company value that can create value for its buyers, exceeding its costs incurred for value creation (Widiastuti, 2016). It is achieved when the rate of economic profit is higher than the rate of competitors (Yamin, 2020). Based on the definitions, competitive advantage can be defined as outstanding capabilities of human resources in a company to utilize its unique resources to fulfill the needs and wants of the customers.

Competitive advantage can directly affect marketing performance or mediate the relationship between market orientation and marketing performance (Kamboj & Rahman, 2017). Previous researchers have proven the effects of competitive advantage on organizational performance (Tupamahu, Ghozali, & Basuki, 2019; Anwar, 2018; Palandeng, Kindangen, Tumbel, & Massie, 2018). The indicators to measure the competitive advantage are the agreements that the university has positive added value, unique resources, resources that are not easy to imitate, resources that can compete, and the ability to compete.

Organizational performance comprises the results of an organization or the actual outputs of an organization. It can be measured against the
intended outputs, goals, and objectives (Al Khajeh, 2018). There are two categories of organizational performance. First, the subjective organizational performance includes the culture, social acceptance, corporate social responsibility, employee achievement goals and cognitive outcomes, employee commitment, employee engagement, and job satisfaction. Second, the objective organizational performance consists of market share, financial market performance, and others (Jangsririwattana, 2019). So, organizational performance can be defined as the measurable outputs an organization obtains compared to its goals or objectives. Moreover, the indicators to measure organizational performance are the agreements that all employees are satisfied to work in the university, all graduates are highly qualified to work, and others (Musa, Azis, & Tahir, 2020; Sampaio, Hernández-Mogollón, & Rodrigues, 2019). However, some explain that market orientation negatively influences organizational performance (Ho, Nguyen, Adhikari, Miles, & Bonney, 2018; Acosta, Crespo, & Aguado, 2018; Deshpandé, Farley, & Webster Jr, 1993; Greenley, 1995). Then, Transformational Leadership affects Organizational Performance positively (Strukan, Nikolić, & Sefić, 2017; Chen, Sharma, Zhan, & Liu, 2019; Naderi, Vosta, Ebrahimi, & Jalilvand, 2019; Arif & Akram, 2018). However, some agree that transformational leadership negatively influences organizational performance (Afrowwad, Obeidat, Tarhini, & Aqqud, 2017; Nguyen, Mia, Winata, & Chong, 2017; Wahyuniardi & Nababan, 2018). In addition, partnership strategy has a positive effect on organizational performance (Fachri, Kartini, & Cahyandito, 2017; Yasa, Adnyani, Rahmayanti, & Dharmanegara, 2020; Chaerudin, Primiana, Kaltum, & Cahyandito, 2018; Sim, Lee, & Jo, 2016; Tarigan, Basana, & Siagian, 2019). However, some mention that partnership strategy has a negative influence on organizational performance (Arifin & Komaryatin, 2020; Jasman & Mayangsari, 2019; Shin, Park, & Park, 2019).

Moreover, some previous researchers use intervening variables in the relationship of market orientation and organizational performance. The intervening variables are marketing strategy, marketing capability, competitive advantage, knowledge management, innovation, customer loyalty, and religio-centric relational marketing strategy. The researchers have confirmed that the above-mentioned variables mediate the market orientation-organizational performance relationship (Muis, 2020; Mahmoud, Blankson, Owusu-Frimpong, Nwankwo, & Trang, 2016; Sampaio et al., 2019; Udriyah et al., 2019; Haryanto, Haryono, & Sawitri, 2017; Mulyana & Hendar, 2020). There are also some intervening variables in transformational leadership and organizational performance relationship. The intervening variables are organizational commitment, management control system, leader-member exchange, and organizational citizenship behavior. The researchers have confirmed that the variables mediate the transformational leadership-organizational performance relationship (Patiar & Wang, 2016; Nguyen et al., 2017; Alhashedi, Bardai, Al-Dubai, & Alaghabri, 2021). Moreover, the intervening variables between partnership strategy and organizational performance are partnership commitment and competitive advantage. The researchers have also confirmed that they mediate the partnership-organizational relationship (Shin et al., 2019; Ratnawati, 2019; Pranata, 2017).

The different results are possibly caused by the different units of the analysis. So, it may result in different relationships among studied variables. Almost all units of the analysis in previous research are the leadership of profit-oriented business entities. As a result, the effects of market orientation, transformational leadership, and partnership strategy (independent variables) and competitive advantage (intervening variable) on organizational performance (dependent variable) in the context of non-profit private universities are not widely discussed and well understood. The unit of analysis in the research is the rectors or vice-rectors of private universities operating in West Java, Indonesia.

Referring to the previous research, the researchers aim to analyze the effects of market orientation, transformational leadership, and partnership strategy on organizational performance in private universities mediated by competitive advantage. It is expected to contribute theoretically and practically to management science, especially strategic management. Practically, the research results can be utilized by university leaders to improve the quality of their management.

The researchers expect to provide two contributions to the literature study. First, using primary survey data from 38 samples of private universities in West Java, the researchers describe the implementation of market orientation, transformational leadership and partnership strategy, competitive advantage, and organizational performance. Second, the researchers offer a confirmation that there is an intervening variable in the relationship between independent and dependent variables. The researchers study the competitive advantage variable that intervenes relationship of market orientation, transformational leadership and partnership strategy on organizational performance.

The researchers believe that implementing market orientation, transformational leadership, and partnership strategy will create a competitive advantage that can lead an organization to better performance. Therefore, it is hypothesized that
market orientation, transformational leadership, and partnership strategy directly and positively affect organizational performance. Moreover, their relationships are intervened by competitive advantage. Based on a conceptual research model in Figure 1, the hypotheses are formulated as follows.

H1: Market orientation has a direct and positive effect on competitive advantage
H2: Transformational leadership has a direct and positive effect on competitive advantage
H3: Partnership strategy has a direct and positive effect on competitive advantage
H4: Competitive advantage has a direct and positive effect on organizational performance

METHODS

The research applies a quantitative method. The research uses primary and secondary data. Secondary data to support primary data consist of literature studies, journals, and other information. Meanwhile, primary data are obtained from the results of questionnaires by respondents. The unit analysis of the research is rectors or vice-rectors of private universities in West Java, Indonesia. There are 59 private universities in West Java. So, a respondent represents a private university. The sampling technique is simple random sampling. The reason to apply this sampling method is that the population is less than 100. The questionnaires are distributed to all populations, and the respondents decide whether they want to participate or not. The questionnaires are distributed online to 59 rectors of the private universities. However, only 38 rectors decide to participate voluntarily in the research. The rest refuses to participate. Some inform the reasons why they refuse to participate. The majority mention that it is so personal and confidential. Moreover, 11 rectors delegate their vice-rectors to fill out the questioners.

Then, the research analyzes the data using Partial Least Square (PLS) method using the Smart PLS Version 2. It examines the relationship between market orientation, transformational leadership, and partnership strategy on organizational performance mediated by competitive advantage in the private universities in West Java. The independent variables are market orientation, transformational leadership, and partnership strategy. Meanwhile, the dependent variable is organizational performance. The independent, intervening, and dependent variables are measured with indicators adapted from (Yamin, 2020). The indicators are shown in Tables 2-6.

Table 2 Indicators to Measure Market Orientation

<table>
<thead>
<tr>
<th>No</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All units in university always deliver the best service to students, parents, and other stakeholders</td>
</tr>
<tr>
<td>2</td>
<td>University leaders conduct benchmarking to some better universities</td>
</tr>
<tr>
<td>3</td>
<td>All employees communicate and coordinate to serve the best.</td>
</tr>
</tbody>
</table>

(Source: Researchers’ Data Collection)
RESULTS AND DISCUSSIONS

Respondents’ perceptions of each item in every dimension of the measured variables are rated in 1-5 Likert scale to indicate the level of their agreement on the statements. The minimum score is 1 and the maximum score is 5. The calculation is 5−1= 4. Then, the range level is 4/5= 0.8. Based on the calculation levels of interpretations, there are very good (4.21−5.00), good (3.41−4.20), fair (2.61–3.40), poor (1.81–2.60), and very poor (< 1.81). Table 6 shows that market orientation is in a very good category with an average score of 4.55. It has the highest score of all variables. Similarly, transformational leadership and partnership strategy are also in a very good category with an average score of 4.44 and 4.39, respectively. All independent variables are in a very good category. However, competitive advantage as an intervening variable is in a good category with an average score of 4.18. Then, organizational performance as a dependent variable is also in the good category with an average score of 4.16. Both competitive advantage and organizational performance need to be improved to a very good category. Table 7 shows the results.

In Table 8, the highest score is in the indicator that all employees communicate and coordinate to serve the best. It is in a very good category with an average score of 4.63. The other indicators are also in a very good category with an average score of 4.37. It indicates that market orientation has been well implemented in private universities in West Java, Indonesia. In delivering services to stakeholders, the employees of private universities have done their best using cross-functional coordination and communication. They have also known that the best service is the most wanted and needed in the industry. Moreover, university leaders have conducted benchmarking to some universities to get inspiration in formulating the best programs for their universities.

The highest scores in transformational leadership are that university leaders implement active listening, prepares annual operational budget together with units in a university, and conducts open discussion with personnel in low management level, units, faculty members, and students. They are in a very good category with an average score of 4.71. The
The lowest score is in the indicator that university leaders never get mad at the employees in public. It is in the good category with an average score of 4.16. The results can be seen in Table 9.

It shows that university leaders have been good listeners and involved units in the university to prepare the annual operational budget together. Moreover, they have also shared and discussed day-to-day operations and shared vision with all units in the university. However, university leaders need to improve how they treat their employees not to get mad in public and tell them what to do when their employees make mistakes.

In Table 10, there are three indicators with the highest score. They are in a very good category with an average score of 4.42. The indicators show that university partners focus on gaining high-quality university management, the partnership is based on a long-term relationship, and universities and partners have continuous improvement partnership programs. The indicator with the lowest score is that university leaders always make planning and goal setting with their partners. It is in the good category with an average score of 4.05. It indicates that collaborations between universities and their partners aim to improve the quality of campus management. The collaborations are based on a long-term relationship, and university leaders and their partners have continuously improved their partnership programs. However, university leaders ought to involve their partners in collaboration planning and goal setting.
Table 11 shows that the indicator with the highest score is the capability to compete in the university. It is in a very good category, and the average score is 4.50. Meanwhile, the lowest score indicator is the resources that are not easy to imitate in the university. It is in the good category with an average score of 3.42. It indicates that private universities have the capabilities to compete. However, university leaders need to provide themselves with resources that are not easy to copy, create added values, and provide themselves with unique and rare resources.

Table 12 shows that the indicator with the highest score is the satisfaction to work in the university by all employees. It is in a good category, and the average score is 4.18. On the contrary, the lowest scores are in highly qualified graduates to work and all employees using resources efficiently in doing the jobs. They are in a good category with an average score of 4.16. It indicates that university leaders have to improve the employees’ satisfaction, the quality of the graduates, and efficiency in using the resources.

Then, the measurement evaluation of the outer model is discussed further. It consists of testing the validity, reliability, and structural model. In the validity test, indicators are considered valid when their loading factors are more than 0.5 (Sugiyono, 2018). The SmartPLS output for loading factors which are calculated through the PLS algorithm is shown in Table 13. The lowest loading factor is 0.752. So, the indicators meet the convergent validity. A loading factor diagram of each indicator can be seen in the structural research model in Figure 2.

Table 11 The Score of Competitive Advantage

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Score</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The university has positive added values</td>
<td>3.74</td>
<td>Good</td>
</tr>
<tr>
<td>2</td>
<td>The university has unique and rare resources</td>
<td>3.74</td>
<td>Good</td>
</tr>
<tr>
<td>3</td>
<td>The university has resources that are not easy to imitate</td>
<td>3.42</td>
<td>Good</td>
</tr>
<tr>
<td>4</td>
<td>The university has adequate resources to compete</td>
<td>4.29</td>
<td>Very Good</td>
</tr>
<tr>
<td>5</td>
<td>The university has capabilities to compete</td>
<td>4.50</td>
<td>Very Good</td>
</tr>
</tbody>
</table>

(Source: Researchers’ Data Collection)

Table 12 The Score of Organizational Performance

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Score</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All employees are satisfied to work in the university</td>
<td>4.18</td>
<td>Good</td>
</tr>
<tr>
<td>2</td>
<td>All graduates are highly qualified to work</td>
<td>4.16</td>
<td>Good</td>
</tr>
<tr>
<td>3</td>
<td>All employees use resources efficiently in doing their job</td>
<td>4.16</td>
<td>Good</td>
</tr>
</tbody>
</table>

(Source: Researchers’ Data Collection)

Table 13 The Results of Outer Loadings

<table>
<thead>
<tr>
<th></th>
<th>Competitive Advantage</th>
<th>Market Orientation</th>
<th>Organizational Performance</th>
<th>Partnership Strategy</th>
<th>Transformational Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>X3.4</td>
<td>0.954</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X3.5</td>
<td>0.812</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1.1</td>
<td></td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.000</td>
</tr>
<tr>
<td>Y1.4</td>
<td></td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y1.5</td>
<td></td>
<td>0.949</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Z1.1</td>
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<td>Z1.2</td>
<td></td>
<td></td>
<td></td>
<td>0.930</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)
In SmartPLS, the discriminant validity of indicators is tested using cross-loading. Some indicators have been deleted during the process of testing. The deletion of the indicators is caused by a statistical effort to get a significant correlation coefficient. Table 14 shows the result for cross-loadings.

An indicator is valid if its loading factor is higher than the loading factor of other constructs (Sugiyono, 2018). As shown in Table 14, the loading factors for partnership strategy (X3.4 and X3.5) possess a higher loading factor for the partnership strategy construct than the other constructs. As an illustration, the loading factor in X3.4 for partnership strategy is 0.954. The value is higher than loading factor for market orientation (0.503), transformational leadership (0.144), competitive advantage (0.414), and organizational performance (0.459).

Another way to find discriminant validity is to look at the square root of Average Variance Extracted (AVE) values. The value is recommended to be above 0.5 (Sugiyono, 2018). In Table 15, the AVE value is more than 0.5 for all constructs in the research model. The competitive advantage has the lowest AVE value of 0.733. As the value is more than 0.5, all constructs are valid.

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Table 15 The Results of Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.733</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>1.000</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.884</td>
</tr>
<tr>
<td>Partnership Strategy</td>
<td>0.785</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)

Moreover, a reliability test is conducted by considering the composite reliability value of indicators in measuring the construct. The results of composite reliability will be considered as a satisfactory value if they are more than 0.7 (Sugiyono, 2018). As indicated in Table 16, the composite reliability value is more than 0.7 for all constructs. It means that the constructs in the estimated model have fulfilled the reliability test criteria. It also means that the measured constructs are reliable. In the research, the lowest composite reliability value is 0.844 in the competitive advantage.

Table 16 The Results of Composite Reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.844</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>1.000</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.938</td>
</tr>
<tr>
<td>Partnership Strategy</td>
<td>0.879</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)

Table 17 shows that Cronbach’s alpha value for all constructs is more than 0.6. The lowest value is 0.672 in the competitive advantage construct. However, it still meets the recommended value above 0.6. Cronbach’s alpha strengthens the reliability test. It is confirmed that all constructs in the research are reliable.

Table 17 The Results of Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.672</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>1.000</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.869</td>
</tr>
<tr>
<td>Partnership Strategy</td>
<td>0.751</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)

Next, Table 18 indicates the communality. It suggests that the communality value at all constructs is above 0.5 (Sugiyono, 2018). All construct values are more than 0.5 so that they reinforce the test results with composite reliability and Cronbach’s alpha.

Table 18 The Results of Communality

<table>
<thead>
<tr>
<th>Construct</th>
<th>Communalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.733</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>1.000</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.884</td>
</tr>
<tr>
<td>Partnership Strategy</td>
<td>0.785</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)

Table 19 shows the R-squared value and adjusted R-squared in the constructs. It shows that competitive advantage has a simultaneous influence on organizational performance. Therefore, competitive advantage can explain the organizational performance.

Table 19 The Results of R-Squared and Adjusted R-Squared

<table>
<thead>
<tr>
<th>Construct</th>
<th>R-Squared</th>
<th>Adjusted R-Squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.573</td>
<td>0.535</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.413</td>
<td>0.396</td>
</tr>
</tbody>
</table>

(Source: Processed Primary Data)

The hypothesis test in SmartPLS shows the total effects (mean, standard deviation, and t-values). There are several results, as shown in Table 20. First, the relationship between market orientation and competitive advantage is significant with a bigger t-statistic of 3.480 than t-table (1.66). The original sample estimate value is positive with a value of 0.486. It indicates that the relationship between market orientation and competitive advantage is positive. Thus, H1 that market orientation has a positive effect on competitive advantage is accepted. Overall, the results indicate that market orientation affects competitive advantage positively. Universities with a strong market orientation have the capabilities to compete. They often provide their stakeholders with programs and services that meet the stakeholders’ needs and wants. This research result confirms previous research conducted by Udriyah et al. (2019), Suharto and Subagia (2018), and Muhajirin and Kamaluddin (2019).
Second, the relationship between transformational leadership and competitive advantage is significant with a bigger t-statistic of 2,100 than t-table (1,66). The original sample estimate value is positive with a value of 0,445. It indicates that the relationship between transformational leadership and competitive advantage is positive. Thus, H2 that transformational leadership has a positive effect on competitive advantage is accepted. Overall, the results indicate that transformational leadership affects competitive advantage positively. It means that university leaders encourage their employees to summon great efforts and spend more time working. It is how to make the universities succeed in pursuing their visions. Then, the universities are capable of competing and winning the competition. This research result confirms previous researches by Chen et al. (2020), Khurram et al. (2019), and Ghaffari and Shojaei (2019).

Thirdly, the relationship between partnership strategy and competitive advantage is insignificant with a smaller t-statistic of 0,484 than t-table (1,66). The original sample estimate value is negative with a value of 0,068. It means that the relationship between partnership strategy and competitive advantage is negative. Thus, H3 that partnership strategy has a positive effect on competitive advantage is rejected. In the research, partnership strategy does not affect competitive advantage. It means that collaborative programs conducted by private universities in West Java so far do not bring better benefits for the universities. In terms of partnership strategy and competitive advantage relationship, the result contradicts with previous research by Ratnawati (2019), Herawaty and Raharja (2019), and Muchtar et al. (2018).

Fourth, the relationship between competitive advantage and organizational performance has a bigger t-statistic of 4,901 than t-table (1,66). The original sample estimate value is positive (0,642). It implies that the relationship between competitive advantage and organizational performance is positive. Thus, H4 that competitive advantage has a positive effect on organizational performance is accepted. It means that university leaders are encouraged to create added values, provide their campuses with resources which are unique and not easy to imitate and also train themselves to compete in attempts to create highly qualified graduates, highly satisfied employees and resource efficiency. This research result confirms previous researches by Ratnawati (2019) and Udriyah et al., (2019).

The theoretical implications of the research findings indicate that market orientation and transformational leadership positively affect competitive advantage. Then, those relationships can be mediated by competitive advantage. However, there is no effect of partnership strategy on competitive advantage.

Next, for research contributions, private universities need to understand that service excellence is an essential issue in the hospitality industry, including higher education. The university leaders are suggested to pay great attention to service quality implementation in their universities. Then, the employees should be directed to be the best service-oriented. They must communicate and coordinate with each other well to deliver better service to students. These ways show how to be competitive and achieve better organizational performance.

**CONCLUSIONS**

The results of the organizational performance of private universities in West Java confirm the results of previous research in terms of the effects of market orientation and transformational leadership on competitive advantage. Market orientation and transformational leadership have positive effects on competitive advantage. It also shows that competitive advantage affects organizational performance and mediates the relationship among market orientation, transformational leadership, and organizational performance of private universities in West Java. However, there is no effect of partnership strategy on competitive advantage.

To increase the organizational performance...
of private universities, the university leaders need to encourage all employees and faculty members to deliver the best service to the stakeholders of the universities. They also need to encourage the employees and faculty members to coordinate well across units, discuss issues, and share ideas to solve their problems in service delivery. By doing so, the employees and faculty members will know what to improve and what to provide. Then, private universities will be more competitive because of the reliable resources and capabilities they have.

Based on the results of this study, researchers hope the research can be beneficial for private universities to improve their organizational performance. It is essential to make the employees and faculty members satisfied in doing their jobs. Job satisfaction will make them happy to deliver services to the students and parents. The happy employees and faculty members create better services that will make the students well treated. As a result, well-treated students will have better competency to work in the future.

Although this research offers some advantages, compared to previous studies, the research has some limitations. First, not all private university leaders are willing to participate as respondents. So, the sample size is smaller than what is required. The number of respondents is relatively small. For this reason, future research needs to be conducted in private universities throughout Indonesia so that the population becomes larger than the research and the sample size becomes adequate. Moreover, future research researchers can study other types of higher education institutions, such as institutes, polytechnic, academy, and community college, due to their differences in purposes.

Second, the variables are measured by a small number of indicators. It is suggested to conceptualize more dimensions and indicators to measure the variables comprehensively. Moreover, the indicators of organizational performance are subjective. Thus, objective indicators can be employed by using numbers that indicate the level of performance. The future can also study other possible variables that may affect organizational performance. The possible variables are learning organization, knowledge management, job satisfaction, organizational culture, and others.

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