

# Building Sustainable Competitive Advantage In the Academic Environment of Private Higher Education In Bali

Ni Wayan Sitiari<sup>1\*</sup>, Ketut Sariyani<sup>2</sup>, A. A. Media Martadiani<sup>3</sup>, I Wayan Gde Sarmawa<sup>4</sup> 

<sup>1,2,3,4</sup> Faculty of Economy and Business, Warmadewa University, Denpasar, Indonesia.

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## ABSTRAK

Globalisasi membawa dampak perubahan dalam pengelolaan suatu organisasi, baik organisasi bisnis maupun non-bisnis. Setiap organisasi akan bertahan jika memiliki keunggulan kompetitif. Tujuan penelitian adalah untuk membangun keunggulan kompetitif yang berkelanjutan dalam mengelola organisasi di bidang pendidikan. Penelitian ini menjelaskan bagaimana pengaruh proses manajemen pengetahuan yang diistilahkan Knowledge Management dengan mediasi strategi bisnis dalam meningkatkan keunggulan kompetitif berkelanjutan. Responden adalah pejabat struktural bidang akademik pada perguruan tinggi swasta di Bali. Jumlah responden sebanyak 100 orang dari 6 perguruan tinggi swasta yang ada di Denpasar. Metode pengambilan sampel menggunakan non-probability purposive judgement sampling, dimana sampelnya dibatasi pada pejabat struktural di bidang akademik. Penelitian ini menggunakan statistik deskriptif dan inferensial. Statistik deskriptif digunakan untuk mengetahui karakteristik responden dan mendeskripsikan jawaban responden. Statistik inferensial menggunakan Partial Least Square untuk menganalisis data dan menguji hipotesis. Hasil penelitian menunjukkan bahwa pengaruh Knowledge Management terhadap strategi bisnis dan keunggulan kompetitif adalah positif dan signifikan, strategi bisnis memediasi pengaruh proses KM terhadap keunggulan kompetitif. Artinya semakin baik proses manajemen pengetahuan maka semakin relevan strategi yang digunakan maka keunggulan kompetitif akan semakin meningkat. Implikasi penelitian ini menunjukkan bahwa institusi pendidikan tinggi swasta di Bali perlu mengadopsi pendekatan strategis yang inovatif untuk meningkatkan daya saing.

## ABSTRACT

Globalization has had the impact of changes in the management of an organization, both business and non-business organizations. Every organization will survive if it has a competitive advantage. The research objective is to build sustainable competitive advantage in managing organizations in the education sector. This research explains how the knowledge management process, termed Knowledge Management, is influenced by business strategy mediation in increasing sustainable competitive advantage. Respondents are structural academic officials at private universities in Bali. The number of respondents was 100 people from 6 private universities in Denpasar. The sampling method uses non-probability purposive judgment sampling, where the sample is limited to structural officials in the academic field. This research uses descriptive and inferential statistics. Descriptive statistics are used to determine the characteristics of respondents and describe respondents' answers. Inferential statistics using Partial Least Square to analyze data and test hypotheses. The research results show that the influence of Knowledge Management on business strategy and competitive advantage is positive and significant, business strategy mediates the influence of the KM process on competitive advantage. This means that the better the knowledge management process, the more relevant the strategies used, the more competitive advantage will increase. The implications of this research indicate that private higher education institutions in Bali need to adopt innovative strategic approaches to increase competitiveness.

\*Corresponding author

E-mail addresses: [niwayansitiari09@gmail.com](mailto:niwayansitiari09@gmail.com) (Ni Wayan Sitiari)

## 1. INTRODUCTION

The development of the world of education is increasingly advancing along with the development of science and technology. Managing educational organizations at the tertiary level requires skills in knowledge management to determine the right strategy to create sustainable excellence. Sustainable excellence requires an effective knowledge management process so that it is able to determine strategies that suit needs. Universities that have advantages will be able to survive in the face of competition. Competition problems occur in the management of private universities in Bali. The number of private universities in Bali in 2022 will reach 31 units and only one will have superior criteria. Based on this data, the issue of sustainable competitive advantage is a demand in the management of private universities in Bali. Competitive advantage is a strategy that companies can implement to improve performance. The ability of an organization to produce superior performance and be able to survive in the long term. This means that competitive advantage is a unique position that a company develops in facing competitors, and perhaps the company can consistently outperform them. Competitive advantage comes from the company's strategic choices to capture market opportunities (Friesenbichler & Reinstaller, 2022; Linda et al., 2022). Competitive advantage is reflected in the indicators of having superiority in innovation, superiority in quality, superiority in competitive prices, superiority in service. The factors that determine competitive advantage are very complex. Organizations must have knowledge management skills and business strategies that suit organizational needs.

Knowledge Management (KM) is managing enterprise knowledge systematically and organizationally. KM is a process for acquiring, managing, maintaining, applying, sharing, updating both tacit and explicit knowledge of employees to improve organizational performance and create company value (Farida & Setiawan, 2022; Singh & Shahid., 2022). Strategic resources are resources that are able to create sustainable competitive advantages. Human resources are one of the resources involved in creating competitive advantage. Human resources involved in the management process must have management knowledge. Knowledge management is the process of achieving company performance by designing and implementing tools, processes, systems, structures and culture to develop or improve, create, share and use knowledge (Barney, 2019; Noe & Kodwani, 2018). Knowledge management is used to make it easier for organizations to adapt to rapid changes in society and the business world, where they not only become more competitive but also achieve their goals and remain successful.

Based on research results, KM is proven to have a significant effect on company performance, KM has a significant positive effect on business strategy and mediates the influence of KM on sustainable competitive advantage (Farida & Setiawan, 2022; Rudančić et al., 2021). Business strategy, namely the ability to innovate, has a significant positive effect on sustainable competitive advantage (Falah et al., 2023; Nagari & Djastuti, 2023). The information needed for decision making from both inside and outside the organization makes it easier to determine business strategies. Business strategy is related to organizational commitment in developing strategy. Competitive advantage comes from a company's strategic choices to capture market opportunities. Management capability as a guide in determining business strategy (Friesenbichler & Reinstaller, 2022; Nazari et al., 2018). Relevant strategies direct organizations to achieve long-term excellence. This means that the strategy used makes a major contribution to increasing competitive advantage. However, managers often have difficulty determining relevant strategies. Previous research findings reveal the importance of business strategy to increase competitive advantage (Farida & Setiawan, 2022; Nagari & Djastuti, 2023).

Business strategy involves very complex issues. The strategy must be measurable in terms of management and financial capabilities. Much has been studied about the role of strategy in competitive advantage. The influence of business strategy in increasing competitive advantage is positive and significant. Through the right business strategy, it means creating a superior image through a good reputation for customers, superior service quality that meets customer needs, innovative product excellence, low production costs. The importance of strategy in the form of innovation to increase competitive advantage, the ability to innovate to strengthen competitive advantage (Farida & Setiawan, 2022; Maryani & Chaniago, 2019). Innovation and originality can increase economic success and ensure sustainability for business and society. Business strategy has a positive and significant effect on competitive advantage. Based on the results of previous research, KM has a positive and significant effect on business strategy and competitive advantage. However, KM is a complex concept. So it needs to be studied more deeply to increase competitive advantage.

KM contains a lot complex meaning, researchers provide different points of view regarding KM indicators. The research results found that knowledge acquisition and sharing did not have a significant effect on competitive advantage (Moskovich, 2022; Purbawati & Budiarmo, 2020). In fact, the process of acquiring knowledge has a major role with the highest impact in producing knowledge and providing valuable insights for scientists in the field of knowledge acquisition. Other research finds that management

knowledge and competitive advantage have no effect on employee performance (Kusuma et al., 2021; Matar & Raudeliūnienė, 2021). The inconsistent relationship between KM, competitive advantage and performance is an indication that business strategy has not been considered to increase competitive advantage. KM is related to the rules of the strategic management process. Knowledge management practices provide a positive and significant influence on the results of innovation strategies (García-Piqueres et al., 2018; Sundiman, 2020). Innovation strategies, when supported by the application of knowledge management practices, have the capacity to deliver superior results.

Previous research focused more on business organizations, this research was conducted at private universities in Bali. It is hoped that this research will be able to explain whether the principles of running an organization in the business sector can be applied in managing organizations in the education sector. The use of knowledge management in the context of sustainability has become increasingly important over the years. Knowledge management in the context of sustainability offers unique insights and outlines some of the associated challenges making it important for follow-up research (Martins et al., 2019; Nagari & Djastuti, 2023). The novelty of this research lies in the holistic approach that integrates strategic management theory with the local Balinese context. This research offers a unique framework for identifying and analyzing factors that influence the competitiveness of private higher education institutions, such as cultural characteristics, local wisdom, and education market dynamics. In addition, this research proposes a collaboration model between educational institutions with industry, government and communities, which has not been widely applied in the Balinese context. By utilizing digital technology and innovation in teaching, this research provides new insights into adaptive and relevant curriculum development, as well as effective marketing strategies to attract students. It is hoped that this contribution can become a reference for developing educational policies and managerial strategies at the institutional level, as well as providing added value to society and the economy in Bali. The aim of this research is to build competitive advantage through knowledge management and business strategy in the world of education, especially in private universities.

## 2. METHOD

This research is survey research, namely a quantitative research method used to determine the relationship between variables and test several hypotheses about variables from samples taken from the population. The steps in this research start from formulating the problem based on the phenomena that occur in relation to the variables studied. Research problems will be answered with theories supported by empirical evidence, then research hypotheses can be formulated which need to be proven empirically based on data in the field. Data collection is carried out on the population and if the population size is too large a sample is used. To find accurate data, it is necessary to use research instruments, as well as test their validity and reliability. After the instrument has been tested for validity and reliability, it can be used to measure the variables that have been determined to be studied. The research instrument test results show that the Chronbach alpha coefficient is above 0.50 so that all instruments are reliable. The validity test is measured by the correlation coefficient value between each indicator score and the total construct score, and the validity test results are declared significant if they are greater than 0.30. The results of the reliability and validity tests show that all instruments are valid and reliable and are presented in Table 1. The data that has been collected is then analyzed, then presented, given discussion, and concluded. The research design refers to the research stages presented in Figure 1.

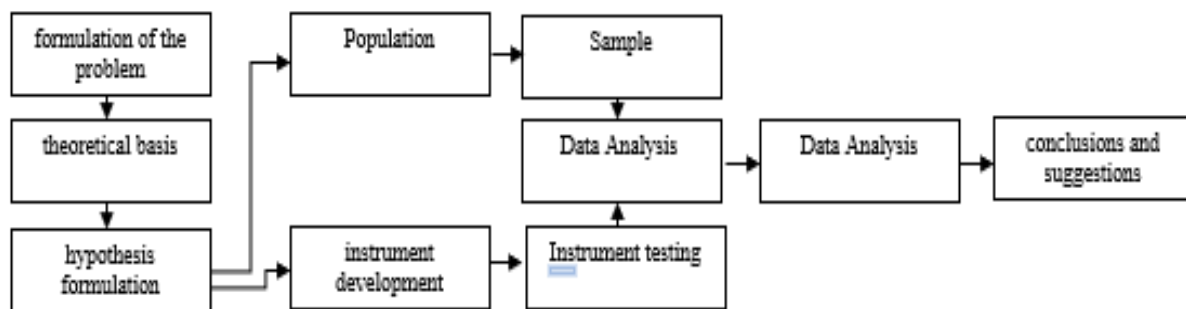


Figure 1. Research Process Flow

The subjects of this research are structural officials in the academic field at private universities in Bali. For example, structural officials at private universities in Denpasar are Warmadewa University,

Maharaswati University, National Education University, Mahendradata University, STIMI Handayani and Dyana Pura University. The number of respondents was 100 people who met the requirements for the PLS analysis technique.

The sampling technique uses non-probability purposive judgment sampling, where the sample is limited to structural officials in the academic field. This is based on the consideration that only officials in the academic field are able to provide valid information regarding research variables. The instrument used in data collection was a questionnaire. The research variables in the questionnaire are measured with the following indicators: Competitive advantage is measured with indicators referring to (Farida & Setiawan, 2022; Sugiyono, 2018), having excellence in product innovation, excellence in quality, excellence in service, and excellence in managerial ability. Knowledge management is a process necessary to produce competitive advantage. This process is measured by indicators: Knowledge Acquisition, Knowledge Sharing, Knowledge Creation, Knowledge Retention, Social Networking, Knowledge Codification, Personalization (Alyoubi et al., 2018; Sulistyanto et al., 2018), Business strategy is a commitment to achieving the organization's vision and mission which is measured by indicators: strategies that prioritize employee skills and competencies, strategies that are committed to quality, strategies in providing services, and strategies in determining costs (Bashir & Farooq, 2021; Farida & Setiawan, 2022). The results of the validity and reliability tests are presented in Table 1.

**Table 1. Construct Validity Test**

	<b>Indicator</b>	<b>Correlation</b>	<b>Significance</b>	<b>Information</b>
<b>X</b>	<b>Knowledge Management</b>			
X1	Knowledge acquisition is easy to obtain, gather knowledge or information	0.456	Important	Valid
X2	Knowledge sharing / namely being willing to share information or knowledge	0.673	Important	Valid
X3	Knowledge creation is acquiring knowledge in a sustainable manner	0.644	Important	Valid
X4	Knowledge retention/ willing to share information, share knowledge when leaving the organization	0.811	Important	Valid
X5	Social networking / want to establish relationships formally and informally and directly with sources of information or knowledge	0.826	Important	Valid
X6	The ability to codify knowledge to manage data	0.707	Important	Valid
X7	Personalization / able to provide creative services according to needs	0.795	Important	Valid
X8	Application of knowledge / able to apply knowledge	0.802	Important	Valid
<b>Y1</b>	<b>Business Strategy</b>			
Y1.1	This strategy prioritizes the skills and competencies of lecturers and staff	0.775	Important	Valid
Y1.2	Strategy committed to quality	0.666	Important	Valid
Y1.3	Strategy in determining costs	0.767	Important	Valid
Y1.4	Strategy in determining costs	0.895	Important	Valid
<b>Y2</b>	<b>Competitive Advantage</b>			
Y2.1	Have excellence in product innovation	0.787	Important	Valid
Y2.2	Has excellence in the quality of graduates	0.803	Important	Valid
Y2.3	Has the advantage in determining educational costs that are in line with expectations	0.779	Important	Valid
Y2.4	Has excellence in service and facilities	0.857	Important	Valid
Y2.5	Excellent in managerial abilities	0.754	Important	Valid

Source: data results processed in 2023

A questionnaire is said to be valid if the questions in the questionnaire are able to reveal something that the questionnaire will measure. To test validity, look at the Total Construct Item table. If the correlation value is equal to or greater than 0.30 and is statistically significant then the value is valid. Meanwhile, the results of the reliability test calculations are presented in Table 2.

**Table 2.** Instrument Validity Test Cronbach Alpha Value

Build	Alfa Cronbach	Information
Knowledge Management (X)	0.847	very reliable
Business Strategy (Y1)	0.776	reliable
Competitive Advantage (Y2)	0.852	very reliable

Source: data results processed in 2023

The calculation results in Table 2 show that all constructs show CA values greater than 0.70 so that all constructs are within the reliable and very reliable criteria, meaning that the respondents' answers to the list of questions asked are very consistent. This research uses descriptive and inferential statistics. Descriptive statistics are used to determine the characteristics of respondents and describe respondents' answers. Inferential statistics uses Partial Least Square (PLS) to analyze data and test hypotheses.

### 3. RESULT AND DISCUSSION

#### Result

The characteristics of respondents in this study were seen from gender, age, education level and years of work, as presented in Table 3. In this research, the indicators forming the construct are reflexive, so that the evaluation of the measurement model (outer model) uses the following criteria: a) convergent validity, b) discriminant validity, and c) composite reliability and Cronbach alpha; and AVE. The external loading coefficient is between 0.60 – 0.70, but for analyzes where the theory is less clear, an external loading of 0.50 is recommended and is significant at an alpha level of 0.05 or t-statistic of 1.96. The Composite Reliability and Cronbach Alpha values for all constructs have met the reliability requirements, namely with each index value being greater than 0.70, meaning that overall all the constructs studied have met the reliability requirements. External loading coefficients, CR, Cronbach's Alpha, and AV are presented in Table 4.

**Table 3.** Characteristics of Respondents

NO.	Characteristics	Frequency	Percentage (%)
1	Gender		
	Man	47	47
	Woman	53	53
2	Age/Years		
	40 - 50	27	27
	> 50	63	63
3	Education		
	S2	17	17
	S3	83	83
4	Working Time/Year		
	5 -10	7	7
	> 10	93	93

**Table 4.** Establish Reliability and Validity

Variable	Goods	Outer Loading	CA	NOK	FROM
<b>Knowledge Management</b>	<b>X</b>		0.855	0.896	0.633
Knowledge Acquisition	X1	0.662			
Sharing Knowledge	X2	0.682			
Knowledge Creation	X3	0.835			
Knowledge Retention	X4	0.857			
Social networking	X5	0.701			
Knowledge Codification	X6	0.822			
Personalization	X7	0.824			
Application of Knowledge	X8	0.804			
<b>Business Strategy</b>	<b>Y1</b>		0.885	0.911	0.597
Consistent in improving employee skills and competencies	Y1.1	0.754			

Variable	Goods	Outer Loading	C A	NOK	FROM
Consistently implement strategies that prioritize the quality of graduates	Y1.2	0.862			
Implement strategies to improve service quality	Y1.3	0.831			
Cost strategy	Y1.4	0.916			
<b>Competitive Advantage</b>	<b>Y2</b>				
Have excellence in innovation	Y2.1	0.741	0.777	0.855	0.604
Has an advantage in the quality of graduates	Y2.2	0.801			
Has excellence in service and facilities	Y2.3	0.749			
Has advantages in school fees	Y2.4	0.896			
Have superior managerial skills	Y2.5	0.780			

Source: Processed Data, 2023

R<sup>2</sup> can show the strength and weakness of the influence caused by the dependent variable on the independent variable. R<sup>2</sup> can also show the strengths and weaknesses of a research model. According to Chin (Ghozali & Latan, 2012, p. 85), an R<sup>2</sup> A value of 0.67 is classified as a strong model, namely R<sup>2</sup> of 0.33 is a medium model, and R<sup>2</sup> of 0.19 is classified as a weak model. The calculation results are presented in Table 5.

**Table 5. R-Square Values (R<sup>2</sup>)**

Variable	R-Square	R Square Adjustable
Competitive Advantage (Y2)	0.692	0.684
Business Strategy (Y1)	0.522	0.516

Source: Processed Data, 2023

The calculation results as in Table 5 show that the customized R-Square value of competitive advantage of 0.684 is included in the strong model criteria, meaning that variations in knowledge management and business strategy are able to explain variations in competitive advantage of 68.40 percent, while the remaining 31.60 percent is explained by other variables.

Q<sup>2</sup> is a measure of how well the observations made provide results for the research model. Q<sup>2</sup> The value ranges from 0 (zero) to 1 (one). The model's strength and weakness criteria are measured based on Q<sup>2</sup> according to (Ghozali & Latan, 2012, p. 85) are as follows: 0.35 (strong model), 0.15 (medium model), and 0.02 (weak model). Q calculation results<sup>2</sup> competitive advantage value of 0.416. Based on Lathan and Ghozali's criteria, it is included in the strong model criteria, for Q<sup>2</sup> business strategy is 0.286 which is also a near strong model. This means that the estimation model built in this research for each block connection has a high level of prediction accuracy. To see the overall (global) accuracy of the model, GoF calculations are carried out. The criteria for strength and weakness of the model based on GoF measurements according to (Ghozali & Latan, 2012, p. 88), are as follows: 0.36 (large GoF), 0.25 (medium GoF), and 0.10 (small GoF). The GoF formula is  $\sqrt{A.R^2 * A.AVE} = \sqrt{0.60 * 0.60} = 0.60$  These results show that the model used is a large model, meaning that the global model is displayed as an estimation model that has a good prediction level. because 60% of the global model variation can be explained by variations in all exogenous variables.

Based on the results of model accuracy testing, it can be stated that the model has a good level of accuracy. Thus, further analysis processes can be carried out. After testing the accuracy of the model, the next step is testing the research hypothesis. The research hypothesis in this study consists of four hypotheses, namely the influence of knowledge management on competitiveness and business strategy, and the influence of business strategy on competitiveness. In detail, the results of hypothesis testing are shown in Figure 3 and Table 6. Table 6 shows that knowledge management has a significant positive effect on business strategy and competitiveness. Likewise, business strategy has a significant positive effect on competitiveness. In addition, business strategy was also found to mediate the relationship between knowledge management and competitiveness. The results of the T test analysis are presented in Figure 2.

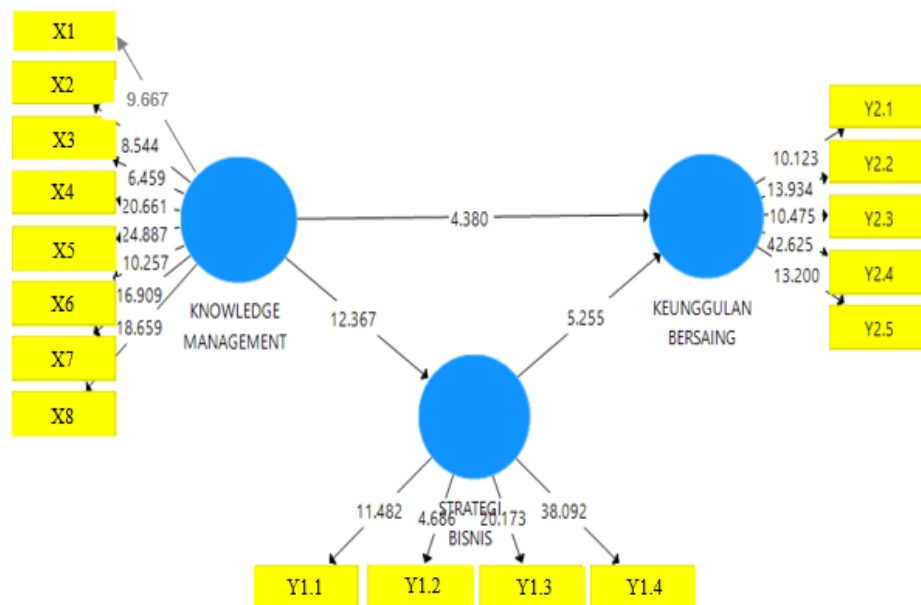


Figure 2. Results of statistical analysis of the t-test

Table 5. Path Analysis and Hypothesis Testing

Relationship Between Variables	Coefficient	t-statistics	p-value	Information
Knowledge Management -> Competitive Advantage	0.369	4.380	0.000	Important
Knowledge Management -> Business Strategy	0.772	12.367	0.000	Important
Business Strategy -> Competitive Advantage	0.525	5.255	0.000	Important
Knowledge Management -> Business Strategy -> Competitive Advantage	0.379	4.892	0.000	Important

Source: Processed Data, 2023

Discussion

Based on the analysis results, Knowledge Management has a positive influence with a t-value significance level (t-statistic 4.380 > critical t-value 1.96) at a significance level of 0.05 on competitive advantage, which means the higher the level of Knowledge. Management will increase competitive advantage. The better Knowledge Acquisition, Knowledge Sharing, Knowledge Creation, Knowledge Retention, Social Networking, Knowledge Codification, Personalization, and Knowledge Application, the more superior an organization is in terms of innovation, product quality, services, and managerial capabilities. All indicators interact as a system to generate competitive advantage. This means that Knowledge Management (KM) is a system consisting of contributing factors, each of which plays a role in creating competitive advantage. The findings of this research are supported by previous research, which confirms that all indicators interact and play an important role in ensuring competition that produces sustainable profits through effective knowledge management. This research is able to explain previous findings which stated that obtaining information and sharing interpretations did not have a significant influence on competitive advantage (Ghozali & Latan, 2018; Purbawati & Budiarmo, 2020). However, this research reveals that all factors play a role in forming a KM system to produce competitive advantage. The research results show that all indicators form an integrated system. This finding is in line with research that finds a positive and significant impact of KM on competitive advantage. 525 respondents with academic positions from 44 private universities in Iraq, it appears that acquiring knowledge and using it effectively is the only way to gain a sustainable competitive advantage. This means that an organization's resources must include knowledge that must be consistently maintained and developed in managing higher education, especially in private universities. Through the knowledge management process, educational institutions will help entrepreneurs determine their competitiveness in the future. In conclusion, this research underlines the important role of knowledge management processes in managing higher education, which indirectly provides benefits for entrepreneurs. Graduates produced by universities that are managed through a knowledge management process will be able to improve their competitive abilities. Other research with business organization manager respondents found that knowledge management has a

positive and significant impact on the creation and development of sustainable competitive advantages (Gupta et al., 2020; Hajimohammadi et al., 2020). It can be concluded that managing an organization in the education sector is no different from managing an organization in the business sector. Effectively managing organizations in education, as well as business, requires effective knowledge management processes.

The influence of Knowledge Management (KM) on business strategy shows a positive t-value (t-statistic 12.367 > critical t-value 1.96) and significance at the 0.05 level. These results indicate that the better an organization's KM, the greater the capacity to formulate effective strategies in the organization. In essence, the more effective the processes of Knowledge Acquisition, Knowledge Sharing, Knowledge Creation, Knowledge Retention, Social Networking, Knowledge Codification, Personalization, and Knowledge Application, the more aligned the strategies used are with the organization's vision and mission. Effective Knowledge Management (KM) is reflected in the ease of obtaining, acquiring and collecting the required information, employee willingness to share diverse knowledge, departing employees transferring their expertise to colleagues, employee readiness to establish positive relationships, and employee commitment. employees to apply knowledge effectively. Effective KM creates a conducive environment for employees to determine strategies that focus on quality, ability to allocate funds, and strategies in providing services, especially in managing educational organizations. The findings of this research are supported by research which shows that management capability functions as a guide in determining business strategy (Mahdi et al., 2021; Noe & Kodwani, 2018). The better an organization's management capabilities, the more adept it is at determining organizational strategy. These results are in line with previous findings which emphasize that achieving strategic goals requires a systematic process, and KM is interconnected with the rules of the strategic management process.

This research also explains that the management process functions as a system for producing the right strategy. In addition, this is confirmed by findings which emphasize that organizations must be supported and equipped with appropriate systems (Prama Yanti & Sanica, 2021; Sulistyanto et al., 2018). Knowledge Management processes operate effectively when supporting factors are available, tailored to needs and capabilities. The supporting factors referred to include the provision of physical and non-physical facilities and equipment in accordance with needs and capacity. In essence, to improve Knowledge Management in managing higher education, a technology-based system is needed that is aligned with needs and capabilities, which includes human and financial resource capacity. The system functions as an important instrument in the management capabilities of an organization. This assertion is strengthened by research findings which show that Information Technology has a positive and significant influence on business sustainability (Di & Bandung, 2016; Mariyam & Taharuddin, 2023). An effective knowledge management process requires the integration of technology to identify, select, manage, share and disseminate information, thereby enhancing knowledge for problem solving and strategic planning to produce relevant strategies. This proposition is strengthened by research findings showing a positive correlation between the quality of KM practices in Small and Medium Enterprises (SMEs) in Spain and the effectiveness of innovation strategies (Aryawan, 2022; Bisnis dan Ekonomi et al., 2018; Tanuwijaya, 2012). An organization's innovation capability depends on its proficiency in implementing knowledge management processes. In contrast to the results of this research, business strategy is reflected in the commitment to improving the quality of graduates. Management of higher education's competitive advantage is determined by the quality of service, human resources and facilities.

The impact of business strategy on competitive advantage is positively proven by the calculated t value (5.225 > critical t value 1.96) and is statistically significant at the 0.05 level. This implies that improving business strategies is associated with increasing levels of competitive advantage. Cost strategy and employee competency have proven to play an important role in creating competitive advantage in educational organizations. Higher education institutions must implement strategies that are aligned with their vision and mission to improve the quality of graduates, provide efficient and effective services, and allocate resources wisely. The findings of this research are in line with previous research, where the innovation strategy model directs organizations towards sustainable competitive advantage (Fitriah et al., 2024; Si, 2014). This underlines that an organization's innovation capabilities, whether in products or services, contribute to increasing competitive advantage. In the context of managing educational organizations, the quality of graduates is the product produced, so it requires universities to design strategies to prioritize the quality of graduates according to the needs of society. In addition, services, including innovation in teaching and learning processes and administrative services, require strategies that are aligned with the organization's vision and mission. The research findings further reveal that business strategy mediates the influence of knowledge management on competitive advantage, indicating that business strategy plays an important role in explaining the relationship between knowledge management and competitive advantage. This is reinforced by previous research which underlines the importance of aligning knowledge management with business strategy to realize strategic goals. Business strategies must



be able to encourage more focused value creation for the organization. This research explains that effective knowledge management requires the right business strategy to generate value for the company. From the research findings, it can be concluded that the management of educational organizations, especially universities, is the same as the management of business organizations. The competitive advantage of higher education is determined by business strategy, and business strategy is shaped by the effectiveness of knowledge management processes.

Based on the facts of the respondents' answers, the indicator that needs to be improved is knowledge codification. The University facilitates clear procedures for storing and obtaining the necessary information. Technological developments have brought changes in the documentation of all information. Digital libraries have been widely implemented by universities. The competitive advantage that needs to be improved is the ability to be better than others. The ability to compete with better universities is a priority in higher education management. The comparative study program establishes cooperation that is very necessary to achieve competitive advantage. The implications of this research indicate that private higher education institutions in Bali need to adopt innovative strategic approaches to increase competitiveness. This includes developing curricula that are relevant to industry needs, improving the quality of teaching, and strengthening collaboration with the private sector and government. In addition, this research emphasizes the importance of investing in the development of human resources, both lecturers and students, through training and skills development programs. By utilizing information and communication technology, institutions can create an interactive and adaptive learning environment. These implications not only contribute to improving the quality of education but also strengthen the institution's position in the higher education market, providing long-term benefits for the community and local economy in Bali.

Limitations of research regarding "Building Sustainable Competitive Advantage in the Academic Environment of Private Higher Education in Bali" include methodological aspects and research context. This research may be limited to a limited number of respondents and specific locations, so the results obtained cannot necessarily be generalized to all private higher education in Indonesia. In addition, focusing on one geographic area such as Bali can ignore other variables that may have an influence in other areas. Recommendations for further research include expanding the research sample to various regions in Indonesia to obtain a more comprehensive picture of competitive advantage in different contexts. Apart from that, researchers are also advised to use a longitudinal approach so they can observe changes and the impact of strategies implemented over time. Thus, further research can provide more practical and applicable recommendations for private higher education institutions in building sustainable competitive advantages.

#### **4. CONCLUSION**

The results of the analysis clearly show that business strategy functions as an important mediator in the interaction between knowledge management and sustainable competitive advantage at private universities in Bali. This underlines the important role of efficient knowledge management processes in guiding organizations to formulate strategies that enhance their competitive advantage. The effectiveness of Knowledge Management (KM) is realized in the acquisition, creation, sharing, dissemination, utilization and storage of information needed by employees. Business strategy, in turn, functions as a mediating force that drives KM to increase competitive advantage. Strategic imperatives in higher education management are clearly visible in strategies for improving the quality of graduates, improving service processes, and wisely allocating funds. Aligning this strategy with the vision and mission of the institution is very important in determining the competitiveness of higher education institutions. In essence, increasing competitive advantage is closely related to strengthening strategic KM. Based on previous research in business organizations, where competitive advantage depends on the synergy of KM and strategy, it is evident that the management of educational entities has the same core principles as business management. This means business management principles can be transferred to private and government-owned universities. The implications of this research extend to the practical realm, emphasizing the relevance of effective management processes in facilitating faculty and staff to adeptly navigate the acquisition, creation, sharing, and utilization of knowledge. Importantly, to strengthen competitive advantage in university management, it is necessary to build a strong KM infrastructure tailored to the unique needs of the institution.

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