

THE DIRECT AND INDIRECT EFFECT STRATEGIST LEADERSHIP ON COMPETITIVE ADVANTAGE, MEDIATING BY UNIQUE RESEURCES

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“Asean Economic Community: Transformation, Policy, Partnership and Action Toward Regional Prosperity”

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INTERNATIONAL MULTIDISCIPLINARY CONFERENCE (IMC) 2014

**“Asean Economic Community: Transformation, Policy,
Partnership and Action toward Regional Prosperity”**

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PREFACE

This publication document the refereed, review and edited paper presented at the International Multidisciplinary Conference (IMC) with main theme "*Asean Economic Community: Transformation, Policy, Partnership and Action toward Regional Prosperity*" held at School of Postgraduate Studies, University of Muhammadiyah Jakarta, Jakarta, Indonesia, 12-13 November 2014.

The conference had highlighted, discussed and analyzed wide range of issues pertaining to transformation, policy, partnership, and action toward regional prosperity among regional ASEAN, neighbour, and implication to worldwide. The Proceeding and paper of the conference had have been grouped under eight theme and twenty six sub theme the following headings;

1. Politic, Policy, Law and Governance
2. Economic, Finance and Management
3. Science, Environment and Technology
4. Language, Madeia and Communication
5. Psychology, Education and Development
6. Health, Nursing and Social Work
7. Religion, Art, Culture and Tourism
8. Children, Women, and Family

All theme and sub theme having crucial topics that represent an important region, this International Multidisciplinary Conference is expected to contribute the regional development of new strategies from multidisciplinary perspective beyond the ASEAN Economic Community. The Proceeding include a number of good ideas, arguments, and opinions, which have implication for transoformation, policy, practice and research. Important for academic, this publication may be used as source of reference material for citations and references.

On behalf of the Steering Committee, I congratulate to all the keynote speakers and paper presenter, also active participants. The thoughts of all the speakers have been highly regarded and have significantly added value of the conference. I trust that International Multidisciplinary Conference 2014 will be a memorable one and I hope that an international multidisciplin network will be retained. Again, I wish to thanks each and every delegate for the support given to make this conference possible.

May we all be in continued spirit to achieve an inclusive and equitable ASEAN community and human prosperity.

PROFESSOR ADI FAHRUDIN, Ph.D

*Chair
International Multidisciplinary Conference &
Editor*

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**SCIENCE, ENVIRONMENT
AND
TECHNOLOGY**



THE DIRECT AND INDIRECT EFFECT STRATEGIC LEADERSHIP ON COMPETITIVE ADVANTAGE, MEDIATING BY UNIQUE RESOURCES.

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Abstract

The topic of this research was strategic management in educational institutions. This research's aim empirically examined the direct and indirect effects of strategic leadership on competitive advantage and the indirect effect mediated by unique resources. This study used Alternative Structural Equation Model namely Partial Least Square. The samples comprised of 79 from 114 course chairman that had been surveyed and returned the filled questionnaire (69 percents). The result showed the significant direct and indirect effects of strategic leadership on competitive advantage, and unique resources as intervening variable. So, to create competitive advantage, the courses had to strengthen the strategic leadership and developed unique resource. The finding of this study supported Resource Based Review, had contribution to the strategic management literature, and gave importance information to both practitioners and policy makers on the subject matter.

Keywords: strategic leadership, unique resource, competitive advantage, and educational quality.

INTRODUCTION

Colleges are nonprofit organizations, but they should strive to achieve competitive advantage, so they can survive and grow continuously. Economic colleges in Jakarta that consist of Management, Accounting, Finance and Banking courses must be compete among them to get more qualified lectures, students and other resources in order to be winners. Competition is not to kill each other, but by competing to improve quality of the product, efficiency of program delivery, and provide excellent service to their main stakeholders, especially to students. The course of economic field colleges was the highest number compared with non-economic courses, so the competition was very high. Resources of the course (study program) can be internal strengths and weaknesses. How did the strategic leadership of the courses able to build, develop, and combine resources in such a way to becomes a unique resource that can be used as a source of competitive advantage of the course. This research empirically examined the direct and indirect effects of strategic leadership on competitive advantages through unique resources. The strategic management research in economic colleges in Jakarta were still very rare, so this research had given contributions to fill the gap.

Literature Review

According to Hitt, Ireland and Hoskisson (2011: 371), Boal and Hooijberg, (2001: 522), Hinterhuber and Friedrich (2002: 191), Boal and Schultz, (2007: 412) Bass (2007: 36, 42) and Ussahawanitchakit, 2012, strategic leadership affected on the competitive advantage so that the stronger strategic leadership, the higher the competitive advantage and consequently the higher performance of its business. Strategic leadership was a key determinant that drove and explained the competitive advantage. Strategic leadership was the company's ability to develop a structure that allowed them to focus. In Willcoxson, Ireland, Hitt, and Vaydianath (2002), Ireland, Hitt and Hoskisson (2011: 371) and Abbasi, et. al., (2012: 84) were stated that the strategic leadership affected the resources. Hitt, Ireland and Hoskisson (2011: 371) shows that strategic leadership affected the competitive advantage through unique resources (combined from Barney, 1991: 99, Dess, Lumpkin, Eisner, 2008: 88, Rufaidah, 2012: 100. AL-Mfraji, 2012: 12, 16, Raduan et al, 2009: 91-92, Rose, at. al., 2010, Tuan, Phong and Takahashi, 2010: 1, 12-13, Ismail, et. al., 2012: 152, Bani-Hani and AlHawari, 2009: 98).

Strategic Leadership. Leadership was the ability to influence a group to achieve a vision or set of goals. Top management has been the task to set strategic goals for the organization and motivate employees to implement the plan of achieving that goal. Employees were people who change written strategy into the form of practice, so their involvement in decision making would increase their motivation and interest to perform the specific task (Robbins and Judge, 2013: 368). The definition of leadership expressed in Robbins and Judge (2013: 384) address aspects of transformational leadership. According Willcoxson, strategic leadership could be associated as transformational leadership.

Strategic leadership was expected characteristics possessed by the leader of the organization at the highest hierarchy or can also be found in all parts of the organization that fully utilize the human resource competencies and other resources, especially technology. The characteristic form of nature, ability, behavior, and capacity of strategic leadership could be associated as transformational leadership such as insight into the long-term thinking, detailed and critical information seekers, interpersonal relationship builder, able to inspire, influence, provide stimulation, were also very aware of the internal and external context, and acted as a good strategists. They made observations and interpreted organizational environment of actual and potential, build structures, processes and relationships that will maximize the effectiveness of the current organization and the organization's ability to adapt in the future (Willcoxson).

Ireland, Hitt and Hoskisson (2011: 354), stated that the competition in the 21st century global economy will be complex, challenging and full of opportunities and competitive threats. *Effective strategic leadership is the foundation of success in using the strategic management process.* Effective strategic leadership practices that can help improve performance in competition (competitive advantage) in a turbulent environment and can't be predicted. The practice of strategic leadership can be a source of competitive advantage. Furthermore, the use of competitive advantage which contributes significantly to achieving competitiveness and profit above the average. Al-Zoubi (2012: 234) also states that one of the strategic leadership competencies is building strategy to achieve competitive advantage.

Unique Resources. Resources are classified into three categories, namely physical resources, human resources, and organizational capabilities. By their nature, resource is divided into tangible and intangible (Hitt, Ireland, and Hoskisson, 2011: 78). Resource Based View (RBV) has suggested that the competitive advantage of a company should be built based on unique competency (core competency) that includes tangible and intangible resources. Not all of the resources have the potential to become a sustainable competitive advantage, but these resources are unique characterized by four attributes, namely: rare, valuable, inimitable, and can't be replaced (inability to be substituted) (Rufaidah, 2012: 88. AL-Mfraji, 2012: 16, Dess, Lumpkin, Eisner, 2008: 1-92, Barney, 1991: 99). Gibcus, Kemp, Zoetermeer (2003: 23) mentions the importance of the unique competencies of the company as a force that is not owned by competitors to achieve sustainable competitive advantage and superior performance. In Scilling (2005: 104, 109) is stated that the purpose of the company is to create value for the benefit of all stakeholders. Unique resource is important for the company to achieve the goal of creating value. Unique resource becomes a source of competitive advantage that ultimately results a high performance. Kandampully (2002: 19) stated that the value of the resource depends on information and knowledge current. The words "current knowledge" is important because as a new knowledge have the ability to change something in this world including human into a resource. It also implies that resources are worth today, tomorrow may not necessarily have the same value, if new knowledge to develop a superior replacement.

Organizational capabilities to create value in the most efficient compared to the competitors at the center of the generating sustainable competitive advantage (Peteraf and Barney, 2003: 314). In terms of superior performance and unique historical development, capability is regarded as the foundation to build a sustainable competitive advantage (Schreyoegg, G and Kliesch. 2007: 919). The results of the study by Tuan and Yoshi (2010, 1, 12-13), suggest the effect of the capability on competitive advantage and competitive advantage affect on performance. Based on Amit and Schoemaker (1993: 37-43) statement, the specific resources and capabilities of the company to be very important in explaining the performance of the company. For managers, the challenge is to identify, develop, protect, and allocate resources and capabilities in such a way that gives the company a sustainable competitive advantage, with the way the company produces a high rate of return on capital.

Njuguna (2009: 32) stated that learning within the organization helped the business to achieve sustainable competitive advantage, particularly in relation to organizational learning process that leads to a sustainable competitive advantage. Organizational learning through a company can build knowledge resources and capabilities (human capital and organizational capital) that difficult to replicate to create value that leads to superior performance.

Competitive advantage. Competitive advantage is defined as the difference between the value created by the company and the value created by competitors. Thus, the total value creation for customers, suppliers, and business owners should be higher than a total value created by the competitor (Spulber, 2004: 11). In the strategic management, sustainable competitive advantage is a company's advantage relative to competitors. A source of advantage can be company do something different and difficult to imitate, also known as a unique competency (core competency) (Raduan, at. Al., 2009: 494). In Resource-based theory (RBT), competitive advantage derives from

firm-specific resources that are scarce, immobility and superior in use, relative to others (Barney, 1991: 99, 101, Peteraf, 1993, Peteraf and Jay B. Barney, 2003: 311).

When an organization implements value creation strategies that are not simultaneously implemented by current competitors or potential competitors, it can be said that the organization has a competitive advantage. If other organizations can not duplicate the benefits of this strategy, then it shows that the organization has a sustainable competitive advantage (Barney, 1991: 99, AL-Mfraji, 2012: 16).

The basis of competitive advantage is the ability to create and disseminate knowledge from one part to another part of the organization. Knowledge creation is a continuous dynamic process, involving the interaction at various levels of the organization. Organizations must learn from them how to sustain the environment and produce competitive conditions that characterize success. Time is important factor that make knowledge easy to be obsolete. Learning is a source of sustainable advantage, so managers must connect with its core competencies, strategic types different all the time. Competitive advantage lies in the fact that the operation be integrated to meet demanding quality targets or specific customer needs, serve customers better in the newer way. If the rare organizational capabilities, can be maintained, or difficult to replicate, then it becomes the basic capabilities of sustainable competitive advantage and greater profit (Bani - Hani and Al Hawari , 2009: 97, 102).

This study looked at competitive advantage from the perspective of quality and values, which consists of three elements, namely cost-based, product-based, and service-based. Companies that have a cost advantage compared with competitors, for example, lower cost of manufacturing or production, lower raw material cost, so the product price is cheaper. Firms that experience product-based competitive advantage over their rivals, for example in terms of better and/or higher product quality, packaging, design and style, have been shown to achieve relatively better performance. Firms that benefit from service-based competitive advantage compared with their rivals, for example in terms of better and/or higher product flexibility, accessibility, delivery speed, reliability, product line breadth and technical support, have achieved comparatively better performance (Ismail, et. al., 2012: 153; Morgan et al., 2004: 94).

Hypotheses

This study advances the following hypotheses:

H1: Strategic leadership effect directly on competitive advantage, and indirectly through unique resource.

H1a: Strategic leadership and unique resource directly effect on competitive advantage.

The mathematical equation is $\eta_2 = \beta_1 \eta_1 + \gamma \xi + \zeta_2$ (1)

H1b: Strategic leadership directly effect on unique resource

The mathematical equation is $\eta_1 = \gamma \xi + \zeta_1$ (2)

Where ξ is strategic leadership, η_1 is unique resource, η_2 is competitive advantage, γ is the path coefficient linking the endogenous latent variables (η_1 and η_2) with exogenous (ξ). While β is the path coefficient linking the endogenous latent variables (η_1) with endogenous (η_2); ζ_j is a variable inner residuals.

METHODOLOGY

Even though the economic colleges as higher education institutions are nonprofit organizations, they face competition in obtaining resources to create competitive advantages and organizational performance. They can utilize strategic management like profit organizations or firms to achieve their vision and mission by making some adaptations according to their unique characteristic as education institutions. Ismail, et al (2012: 151) stated that the main objective of business organizations in particular should strive to achieve a competitive advantage position relative to their competitors. This research was conducted in the course of economic field colleges, in Jakarta, Indonesia.

The method used for this research was survey using questionnaires. The questionnaire was given to be filled by the Chairman of the courses. There are 114 economic field courses, namely management (management, insurance management, transport management, industrial management course), accounting, and the financial and banking course. For 79 questionnaires or 69 percent which were returned, then were processed to test the hypothesis. This study used a time horizon: a cross-sectional or the research done at one time. Data collection was conducted from the 1st of November 2013 until the end of February 2014 (for 4 months). A structured questionnaire was used to obtain responses from the Chairman of the courses as unit observations. Using a 6-point interval scale, modified from Sekaran (2003: 191) namely strongly agree (6), agree (5), somewhat agree (4), somewhat disagree (3), disagree (2), and strongly disagree (1).

¹ The characteristic of an educational institution is different to a firm, so the questionnaire was developed based on a modification, extension and combination of past studies on strategic leadership, unique resources, and competitive advantage. This study used a variant-based or component-based structural equation modeling by using SmartPLS 2.0. to test the model, the validity and the reliability of the models. The construct validity of the instrument was done through expert review and by testing the data.

The second order confirmatory of the latent construct variable was used to confirm the effect of the latent construct variable on the dimensions. The observed variable measured by their indicators as the first order. To determine the validity and reliability of all questions included and considered as an indicator in the model of the First Order and Second Order. The number of manifest variables or indicators used twice (repeated indicator approach), for First and Second Order (Ghozali, 2011: 84).

Strategic leadership consists of three dimensions, namely its ability to create a vision (as a vision creator), run strategy management process as a strategist, and become agent of change (synthesized from Robbins and Judge, 2013: 368, Hitt, Ireland, and Hoskisson, 2011: 371, Scott, et. Al.: 8, 2012: 6-8, Wheelen and Hunger, 2012: 15).

Strategic leadership consist of 22 questions, grouped into 3 dimensions, namely create visions (consist of clarity of vision, the accuracy of the mission statement, the relevance of the vision and mission, the ability to realize the vision and mission); a strategist (the ability to respond to changing internal and external environment, the accuracy of formulation strategy, the ability to implement strategies, the ability to evaluate and control); a change agent (the ability to internalize goals, the ability to set targets, the ability to motivate followers, the ability to facilitate followers, the ability to

empower followers, the confidence on the followers, and the ability to evaluate and provide feedback).

The construct validity of the strategic leadership and the dimension of strategic leadership that consist of a vision creator, a strategist and a change agent, the results are shown with the scores of AVE (Average Variance Extracted). The AVE of strategic leadership and their dimension > 0.5 , mean all constructs are valid. Cronbachs Alpha values all above 0.70 indicates construct reliability eligible. Composite reliability is all above 0.80 indicate very good reliability (Ghozali, 2011: 115-116). R Square of the vision creator is 0.70, the strategist is 0.91, and the change agent is 0.77. This means that the variability of the vision creator, the strategist and the change agents can be explained by the strategic leadership in accordance with its R square.

Inner model of strategic leadership show that path coefficients > 0.05 and t statistics > 1.96 for the third dimension of strategic leadership, mean that strategic leadership has significant influence on its dimensions, with a 95 percent confidence level. Outer model of strategic leadership shows the factor loading of strategic leadership's dimensions > 0.50 and t statistic > 1.96 , mean that its dimensions have high and significant convergent validity, with 95 percent confidence level. The cross loading value of strategic leadership show that the value of the construct indicator's loading each dimension of strategic leadership (as a vision creator, a strategist, and change agent) higher than the value of the construct indicator's loading from other dimensions. Thus, the strategic leadership's dimensions have good discriminant validity. These mean that all the indicators as outlined in the statement on the questionnaire to measure empirically the strategic leadership has qualified validity of the instrument (to measure what should be measured).

Unique resource as a latent variable consists of three dimensions, namely the tangible resource, intangible resource and organizational capability, each with its indicator as the first order, and second order to measure the validity and reliability of the variable. The resources must be valuable, rare, not easily to be imitated and not easily to be replaced (adopted and combined from Barney, 1991, Dess, Lumpkin, Eisner, 2008: 91-92, Raduan et. al., 2009: 493-494, Ismail et. al (2012: 152, 154) and Morgan, et. al. (2004 : 94-95).

There are 14 questions in the questionnaire of the unique resource variable, with detailed dimensions of tangible resource consist of 6 questions (the capital adequacy of financial and revenue sources, the availability of facilities and infrastructure, the use of technology, the support of organizational structure) intangible resource consist of 1 question (achievement of reputation), and organization capability consist of 7 questions (the human resource management competency, operations management competency, information systems management competency, competence of research and development, financial management competency, and marketing management competency).

AVE show that the value of each construct of unique resource as a latent variable and tangible resource, intangible resource, and organizational capability as dimensions, all > 0.50 that mean all construct are valid. Cronbach Alpha values all above 0.70 indicates construct reliability are eligible. Composite reliability of unique resource as a latent variable and tangible resource, intangible resource, and organizational capability as the dimensions, are all above 0.80 indicate very good reliability (Ghozali, 2011: 115-116). R Square of tangible resource 0.86, intangible resource 0.61, and organizational capability 0.91. This means that the variability of the

tangible resource, the intangible resource and the organizational capability can be explained by the unique resource in accordance with its R square.

Path Coefficient values of the inner models are all greater than 0.05, and t statistic >1.96 , mean that the unique resource variable has a significant effect on tangible resource, intangible resource, and organizational capability. In addition, in the outer model, each indicator to measure the dimensions in first order and each repeated indicator to measure the unique resource variable in second order shows a loading factor greater than 0.50, means that each indicator has a good convergent validity, except one indicator namely y_{16} , the indicator of tangible resource. Indicator y_{16} poured in the form of a statement: "Revenue institutions largely derived from students". So, the indicator was dropped from the model.

Each indicator of each dimension (tangible resource, intangible resource, and organizational capability) except y_{16} has a cross loading value greater than other dimensions, that mean each indicator has a good discriminant validity value (refer to Ghazali, 2011: 186). These mean that all the indicators as outlined in the statement on the questionnaire to measure empirically the unique resource variable has qualified validity of the instrument (to measure what should be measured).

Competitive advantage consists of three dimensions, namely cost advantage, product advantage, and service advantage that were measured by indicators from the dimensions as first order confirmatory. Variable Competitive Advantage using thirteen indicators of as repeated indicators to be second order confirmatory variable consists of 15 questions grouped in three dimensions, cost advantage (3 questions of cost efficiency), product advantage (2 questions of product quality, 1 question of product uniqueness) service advantages (9 questions consist of 2 questions of the quality of administrative services, 2 question of the quality of academic services, 2 question of reliability, and 3 questions of empathy). The dimensions of competitive advantage is the cost advantage, product excellence, and excellence of service (adapted and combined from Michael Porter, 1989 in Wheelen and Hunger, 2012: 135, 186, Mustafa, et. Al., 2012: 67, Dess, Lumpkin and Eisner, 2008: 156-157, Abdullah, 2006: 44, Treacy and Wiersema, 1996 in Knapp, Karl, R., 2001: 10).

Competitive advantage has good construct validity (AVE) and reliability based on composite reliability, as well as Alpha Chonbach. The value of AVE > 0.50 for all construct of competitive advantage and its dimensions. R Square of product advantage 0.50, cost advantages 0.70, and service advantage 0.95. This means that the variability of the cost advantage, the product advantage and the service advantage can be explained by the competitive advantage in accordance with its R square.

Inner model of competitive advantage suggests that all path coefficients were greater than 0.05 indicate a positive influence of the variable to the model dimensions as reflective. On the outer loading models seen that all the above factors in 0.50, which means its convergent validity was excellent (Ghozali, 2011: 115) Cross loading value of competitive advantage show good validity discriminant value as evidenced by the value of the correlation indicator of the construct each dimension cost advantage, product advantage, and service advantage higher than the value of the correlation indicator construct of other dimensions (referring to Ghazali, 2011: 186). These mean that all the indicators as outlined in the statement on the questionnaire to measure empirically the competitive advantage variable has qualified validity of the instrument (to measure what should be measured).

The construct of strategic leadership, unique Resource, and competitive advantage as latent variables have AVE over 0.50, mean all of the construct are valid. All Cronbach Alpha values of strategic leadership, unique resource, and competitive advantage above 0.70 indicate that construct reliability are eligible. All Composite Reliability of strategic leadership, unique resource, and competitive advantage, above 0.80 indicate very good reliability (Ghozali, 2011: 115-116). R Square of unique resource is 0.64, and competitive advantage is 0.55. This means that the variability of the unique resource can be explained by the strategic leadership in accordance with its R square, 64 percent. The variability of competitive advantage can be explained by strategic leadership and unique resource in accordance with its R square, 55 percent. These mean that all the indicators of strategic leadership, unique resource, and competitive advantage as outlined in the statement on the questionnaire (the instrument) to measure empirically those variables have qualified validity (to measure what should be measured).

Cross loading value of strategic leadership, unique resource, and competitive advantage have a good validity discriminant value as evidenced by the value of the correlation indicator of the construct each dimension cost advantage, product advantage, and service advantage higher than the value of the correlation indicator construct of other dimensions (referring to Ghozali, 2011: 186). These mean that all the dimension as outlined in Figure 1 and Figure 2 to measure empirically the strategic leadership, unique resource, and competitive advantage variable has qualified validity of the dimensions (to measure what should be measured).

RESULT AND DISCUSSION

The algorithm calculations by SmartPLS 2.0, were used to test the hypothesis and to know the validity and reliability of the instruments and the models. To determine the significance (t statistic) of the path coefficients values was used bootstrapping calculations. The path coefficient value of the strategic leadership that shows its effect on the unique resource is significant. The path coefficient value of the strategic leadership shows that its effect on competitive advantage is significant. The path coefficient value of the unique resource effect on competitive advantage is significant (see Figure 1 and Figure 2) with t statistic smaller than 1.96, but greater than 1.65. The t statistic 1.96 indicates confidence level of 95 percent while the t statistic 1.65 indicates 90 percent confidence level, so the significant of the path coefficient value of the unique resource effect on the competitive advantage still high between 90 and 95 percent. All of the path coefficient value of the variables qualified > 0.05 and t statistic above 1.96.

The convergent validity of each dimension for all variables above 0.50 and t statistic above 1.96, it shows by loading factors in Figure 1 and Figure 2. It means that all dimension of the research variable have good convergent validity. The cross loading values have proved that each indicator of strategic leadership, unique resource, and competitive advantage variables have a good and significant discriminant validity. The total effect of the strategic leadership on the competitive advantage is 0.790, with t statistic 14.98. So, the strategic leadership has significant direct and indirect effect on the competitive advantage. The direct effect of strategic leadership effect on competitive

advantage is 0.629, so the indirect effect of strategic leadership on competitive advantage through the unique resource is $0.790 - 0.629 = 0.161$. So, the hypothesis 1 is proved.

Path coefficient values further included in the equation hypothesis

H1a: Strategic leadership and unique resource directly effect on competitive advantage.

The mathematical equation is $\eta_2 = \gamma_2 \xi + \beta_1 \eta_1 + \zeta_2$ (1)

H1b: Strategic leadership directly effect on unique resource

The mathematical equation is $\eta_1 = \gamma_1 \xi + \zeta_1$ (2)

Where $\zeta_1 = \frac{\zeta_1}{1 - R^2}$ (3)

H1a: Strategic leadership and unique resource directly effect on competitive advantage is proved

To find the residual of the inner variable ζ_2 using the formula the equation (3), that is ζ_2

$$= \frac{\zeta_2}{1 - R^2} = \frac{\zeta_2}{1 - 0.643407} = 0.5972$$

Using the equation (1), the result is $\eta_2 = 0.629320 \xi + 0.211212 \eta_1 + 0.5972$

H1b: Strategic leadership directly effect on unique resource is proved and the hypothesis is accepted.

To find the residual of the inner variable (ζ_1) using the formula the equation (3), that is

$$\zeta_1 = \frac{\zeta_1}{1 - 0.552945} = 0.6686$$

Using the equation (2), the result is $\eta_1 = 0.762687 \xi + 0.6686$

This finding support what were stated by Hitt, Ireland and Hoskisson (2011: 371), Boal and Hooijberg, (2001: 522), Hinterhuber and Friedrich (2002: 191), Boal and Schultz, (2007: 412) Bass (2007: 36, 42) and Ussahawanitchakit, 2012, that strategic leadership affect on the competitive advantage. To improve competitive advantage, the course of economic field in Jakarta, Indonesia should strengthen their strategic leadership. According to path coefficient and R Square of the dimensions of strategic leadership, it can be make priorities, first, improve the management strategic process as strategist, second, as change agents, the priorities also can be made based on the score of the loading factors. The third is the leaders should be defined the course vision as clear, realistic, and relevant as possible based on the institution's vision. Strategies must be chosen, implemented, and evaluated by using steps of strategic management process to achieve competitive advantages.

The finding strengthen the statement of Willcoxson, Ireland, Hitt, and Vaydianath (2002), Ireland, Hitt and Hoskisson (2011: 371) and Abbasi, et al., (2012: 84) that the strategic leadership affect the resources. Strategic leaders should be able to develop and combine the organizational capabilities of the course and the tangible resources to create excellence reputation as intangible resource. The finding also support statement of Wernerfelt (1984) and Spulber (2004 that specific resources were identified as the source of competitive advantage and in accordance with the RBV recommendation that competitive advantage of a firm should be develop based on unique competence which encompass tangible and intangible resources. Not all of the resources own by the company has the potential to become a sustainable competitive advantage, but these resources are unique characterized (Rufaidah, 2012: 88. AL-Mfraji, 2012: 16, Dess, Lumpkin, Eisner, 2008: 1-92, Barney,1991: 99).

To create the uniqueness of the resource, the economic field course should make priorities. The first priority is to develop its organizational capability, then used the specific organizational capabilities to combine in such away the capabilities and tangible resource to improve the reputation as intangible resource. It is consistent with the R Square size order of the dimensions of the unique resource variable. The R Square size order of the dimensions of competitive advantage as follow: the first is service advantage, the second is product advantage, and the third is cost advantage. Focus to develop competitive advantage, should be consistent with the order size of its R Square.

Effective strategic leadership is the requirement of the successful of strategic management's process. Strategic leadership requires the ability to anticipate events, the possibility of seeing the vision, maintain flexibility, and empower others to create strategic change. Top management is an important institution resource to build and exploit competitive advantage. When they are and what they do is worth, is rarely owned by another institution, not easily imitated and not replaced, then the strategic leadership becomes a source of competitive advantage. Top management team consisting of key managers who play a very important role in selecting and implementing institution strategy. In general, they are employees of the corporation and the board of directors or members. *The characteristics of the top management team, the company's strategy and its performance all interrelated* (adapted from Hiitt, Ireland and Hoskisson, 2011: 371). Hiitt, Ireland and Hoskisson (2011: 371) shows that strategic leadership affect the competitive advantage through unique resources (also combined from Barney, 1991: 99, Dess, Lumpkin, Eisner, 2008: 88, Rufaidah, 2012: 100. AL-Mfraji, 2012: 12, 16, Raduan et al, 2009: 91-92, Rose, at. al., 2010, Tuan, Phong and Takahashi, 2010: 1, 12-13, Ismail, et. al., 2012: 152, Bani-Hani and AlHawari, 2009: 98) support by this research finding.

CONCLUSION

Even tough economic field courses are non-profit oriented, they should use strategic management process to create competitive advantage. The result of this research has shown that competitive advantage is affected by strategic leadership and unique resource. Its means that to create competitive advantage, the course should be strengthen the strategic leadership to develop and combine its resources in such a way to be unique resource as *the source of competitive advantage*. The R Square size order of the dimensions of strategic leadership, unique resource, and competitive advantage variable, can be used as a guide to formulate the steps to be taken on a priority basis. The result of this research supports the finding before and proof that course of economic colleges in Jakarta can take the benefit of strategic management theories and best practices to find new knowledge as the source of competitive advantages. The limitation of this research is that the population and samples only cover the courses of economic field colleges in Jakarta Indonesia, used quantitative approach with survey method. The data was taken from the respondents (the chairman of the course) based on their perception that influenced by many factors that did not include in this research. Further research is needed with wider population and sample, involve other stakeholders.

THE DIRECT AND INDIRECT EFFECT STRATEGIST LEADERSHIP ON COMPETITIVE ADVANTAGE, MEDIATING BY UNIQUE RESEURCES

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