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The influence of organizational learning capability and organizational creativity on organizational innovation of Universities in East Java, Indonesia

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ABSTRACT

In traditional business settings, learning capability and creativity are significant factors to push an innovation level. However, it's wondered whether if the same phenomenon will take place in higher educational institutions. This research used purposive random sampling method which involved 179 lecturers from all universities in East Java Province of Indonesia. The results indicated that both variables influenced organizational innovation, partially and simultaneously. There was no difference category either on public or private universities on those variables. Discussions and suggestions are provided to enhance further researches and universities management.

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1. Introduction

Globalization has made changes in many sectors. Each change demands higher product quality and higher service. The high demands cannot be avoided by people who work in commercial enterprise and industry and also by people who exercise in other sectors, such as university administrators. One of the needs faced by university administrators is to enhance a performance which creates a learning procedure which will yield graduates who are able to fill the needs of this historic period. This immense challenge requires changes in leadership, learning capacity, creativity, and innovative capability in all the components of the university.

Higher education is very important and vital for a country's development. Universities have the role and function as the center of knowledge and change, therefore universities should produce highly resourceful graduates (Hartanto, 2009). The university's role as an agent of change can become an alternative parameter based on the university's ideology which is known as the university's three duties which include education/instruction, research, and community service (Munir, 2009).

Universities in Indonesia are facing this huge challenge. This is

paired with the ratification of Asean Economic Community (AEC) by the close of 2015. Subsequently the government signs the free trade pact, there will be greater competitions faced by the universities, namely among universities in Indonesia, and also between Indonesian universities and foreign universities which may overwhelm Indonesia in the near future.

The great environmental and expectations changes faced by university graduates require universities to develop new and effective approaches, paradigms, practices, and strategies. The orientation of university management, including the management of the faculties and departments within the university should be readjusted. Universities should reorient, restructure, and redefine their organization, management, and strategies.

The universities' contribution towards our country's competitive advantage can be increased if the organizational health of higher education is good. Universities are required to produce highly qualified graduates with entrepreneurial spirit, who can create employment; develop and distribute knowledge, applied science, and art; participate actively in the growth of our nation's culture; and enhance the quality of the services rendered to the residential area. In order to meet these demands, Indonesian Universities are obliged to make changes through professional, progressive, creative, and innovative management, and entrepreneurial leadership.

The university administrators hold an important role in the success of the university's programs including entrepreneurship

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