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LEADERSHIP AGILITY, THE INFLUENCE ON THE ORGANIZATIONAL LEARNING AND ORGANIZATIONAL INNOVATION AND HOW TO REDUCE IMITATION ORIENTATION

Abstract: *This research aims to test and analyze the significant positive effect of leadership agility toward organizational learning and organizational innovation; and organizational learning toward organizational innovation. It also test and analyze the significant negative effect of organizational innovation toward imitation orientation. The analysis is focused on 170 owner and manager of Batik MSMEs (micro small medium enterprises) in Pekalongan that known as Batik City worldwide. The statistic technique that is used in this research is Partial Least Square. Leadership agility has a contribution in increasing organizational learning and organizational innovation. Organizational learning is also able to increase organizational innovation. Another finding shows that having organizational innovation can decrease imitation orientation of MSMEs. This research result helps the owner/manager of MSMEs to implement leadership agility in facing the level of competition of Batik industry that is unstoppable. This condition requires Batik industry to have organizational learning continuously and sustainably so that it can have an impact to organizational innovation which can impact on the decrease of imitation orientation. By having a good leadership agility, it can also increase organizational innovation so that the product or service produced can be more unique, creative, and innovative that ultimately can also reduce the imitation orientation of MSMEs owner/manager.*

Keywords: *Leadership agility, Organizational learning, Organizational innovation, Imitation orientation*

1. Introduction

Pekalongan is one of the city and district flagships in Indonesia which has become a world barometer in the creative industry. This is because Pekalongan is one of the famous cities of batik business. December 1, 2014 is the date of the establishment of Pekalongan as one of the creative city

network in Southeast Asia and selected as creative city in the category of Craft and Folk Arts in the world. This situation and condition have had a big impact on people's lives from economic, cultural, social, and religious aspects. The growth of batik creative MSMEs makes the level of competition getting tighter in terms of price, design, and motives that always alternated

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everyday with the competition that is no longer unstoppable. It always comes together and it even irrational in the pricing aspects in the market. Surprisingly, this Batik MSMEs can survive in a long time even decades because it is a cultural heritage from year to year and the number of MSME is continue to increase.

The high level of competition encourages and demands the owner/manager of Batik MSMEs in Pekalongan can survive in a long term. Batik MSMEs in Pekalongan must be able to compete with the invasion of local, regional, and foreign batik product. The owner and manager must have high leadership agility because they are required to have the ability to anticipate and response every change and movement that occurs continuously from second to second. Leader and manager should play a strategic role as strategic partners, fighter, administrative expert, and agent of change (Barney & Wright, 1998).

Joiner and Joseph (2007; Joiner, 2009a; 2009b; 2009c) stated that today leadership agility become a very strategic issue considering that it contains human elements with winning mentality in the competition. Leader must be able to perform organizational learning in the middle of the competition level of batik business which becomes more hostile and volatile so that they can create innovative, authentic, unique, and even worldwide batik products. The leader of the company must have the will to build the company in an unhealthy and unpredictable business competition environment (Goldman et al., 1995). The fierce business competition demand in Batik industry in Pekalongan makes the MSMEs do imitation orientation or imitate the operational process, decision, and business policy of other MSMEs competitors. The observation and interview result with some of the MSMEs owner/manager explained that sometimes they are affected by the situation and condition in the market, including in terms of prices, designs, and motives. This is because they are panic and

afraid that their product will not sold and become obsolete, especially for batik screen printing product. They tend to imitate either from the number of production, selling frequency, motives, color, and result/quality of their product. They also learn by themselves (self-learning) so that they are trapped in unfavorable and wrong situation.

Even so, for non-printing batik product, they can maintain their idealism from the aspect of authenticity, design, and motives of the product which require them to have high creativity and innovation because some of the MSMEs owner/manager feel that they should maintain the cultural heritage that have been entrusted to them. They still have commitment to pass it down to the next generation and keep trying to have a continuous learning process. Organizational innovation gives a significant role in the decision of imitation orientation. If an organization has a high commitment on organizational innovation, then it will be confident to be the pioneer in every strategic action and decision that will be implemented in the future. Therefore, this research wants to fill the research gap in the literature by integrating the importance of the relation between leadership agility, organizational learning, organizational innovation, and imitation orientation of MSMEs in Indonesia that have not been researched by the previous researcher, especially Batik MSMEs in Pekalongan that have been famous worldwide.

2. Literature Review

2.1. Leadership Agility, Organizational Learning and Organizational Innovation

Global business word today is identical with rapid changes, high level of uncertainty, and unstability in every field. It is expected that for some years in the future there will be excessive information and uncertainty that will prevail. Fierce competition will develop to almost every corner in the world. In this condition, organization will be forced to

change in ways that have never been exemplified before (Hamel, 2010). There are only two things that are certain; (1) the speed of change will continue to increase, and (2) the level of complexity and dependence will continue to increase. In the current situation, according to Joiner and Joseph (2007), company will succeed when they can create strength, the right cooperation at the required time, and build effective relationships with customers, suppliers, and other stakeholders. It can be done by changing the company's leaders to care about unstable condition and have the will to build an agile company.

Agility for a company is the ability to operate profitably and continuously in a business which is unpredictable and it can change the opportunity in getting customer (Ganguly, 2009; Dove, 2001; 2005). In these circumstances, in order to bring the company to be an agile company, the company must have an agile leader. In fact, there is a gap between the two things. The need for leadership agility is growing while many companies are still unaware of how important companies to create leaders with agile nature.

Leadership agility is the ability to lead effectively during times of rapid change, uncertainty, and mounting complexity and when success requires consideration of multiple views and priorities (Joiner & Josephs, 2007; Joiner, 2009a, 2009b; 2009c; Lediju, 2016). In managing a business, organization needs to have commitment toward the organization structure so that the leader and member of the organization can be more agile and stronger (Lediju, 2016; Denning, 2015). Leaders should not only tamper with obsolescence practice that is increasingly irrelevant and ineffective but they also should be able to create something that is fundamentally different (Denning, 2015). The research result shows that there is a strong effect between leadership agility and organizational agility. Agile leader can bring the company into an agile company in the era of globalization. The more agile the company in facing global challenges, the

more positive impact that come for the company. Joiner and Josephs (2007) stated that leadership agility is the ability of a leader to be able to deal with unstable and complex environment condition by taking wise and effective action.

Joiner and Josephs (2007) also mentioned that there are four agility domains which required to solve initiative effectively, which consist of context-setting agility, stakeholder agility, creative agility, and self-leadership agility. Moreover, Lediju (2016) divided the level of leadership agility into four parts; expert, achiever, co-creator, and synergies. Each of these levels have different character of ability but they have the same purpose to reach the vision and mission of the company.

A wise leader is a leader who is able to give opportunity to his members to have organizational learning. A leader has a role as a mediator, facilitator, even supporter for his employee in order to achieve success in organizational agility and can implement organizational learning successfully (Detollenaere, 2017; Kurland et al., 2010). The research result from Kurland et al. (2010) proved that leadership can increase the organizational learning of employee. This result is strengthened by Alsabbagh and ALKhalil (2016); Nafei, et al. (2012); Mutahar et al. (2015). In the research from Nafei, et al. (2012), it is stated that leadership and organizational learning is how someone is leading and how others are learning. There are two contributions that can be obtained, which are; (1) employee's evaluative attitude toward leadership and organizational learning, and (2) strong relationship between leadership and organizational learning. Leaders who have transformational souls can improve the organizational learning of their employees (Mutahar et al., 2015), and also can enhance organizational innovation (Semuel et al., 2017; Akay and Demirel, 2017). Leaders must be able to change individual creativity to become organizational innovation (Denti & Hemlin, 2012). The research result from Kurland et al. (2010) also proved that the

effectiveness of one's leadership can improve organizational learning of employee and organizational motivation.

H1. Leadership agility has significant positive effect in improving organizational learning,

H2. Leadership agility has significant positive effect in improving organizational innovation.

2.2. Organizational Learning and Organizational Innovation

One of the requirements for obtaining good output or result is the proper attention from the management to the individuals under it. In this regard, company leaders have an important role in encouraging and directing their employee to continue learning. Leaders can learn by attending training or seminars to increase knowledge and teach it to their employee. In addition, company can develop when experiencing many problems than can make individuals learn. The evaluation conducted by leaders and employee in the company can be used as learning materials in order to develop the quality and innovate in the product so that they have an advantage in the eyes of consumers. Organizational learning is strongly related to individual, groups, or the organization itself. Organization has a superior value if the company has resource especially human resource that have knowledge to improve the organizational performance (Stelmaszczyk, 2016; Hubber, 1991). Gained knowledge should be shared and used by all members of the organization (Chen, 2007; Marquardt, 1996; 2002).

Organizational learning is considered as a process where organization change or modify the model of their mental, process, regulation, behavior, or knowledge (Chiva & Habib, 2015). Bunea, et al. (2016) stated that active and involved leadership can encourage organizational learning to work effectively. The leader can awaken individuals below to constantly learn about

the phenomena associated with the company. The intention to learn must exist so that individuals do not feel bored and quickly satisfied with the knowledge that they have. The situation and phenomena that occur will continue to change. The mistake and success on the company must be improved and the company must increase the success to win the competition. Leaders should be involved to keep an eye to the individuals about the learning that is conducted because the gained knowledge is really needed by the company. Leaders should also be active to seek additional knowledge and information. This is profitable if it can be applied in the company and transmitted toward individuals within the company. Building precise prediction for the future or future strategy also need organizational learning.

The research result from the previous research proved that organizational learning has a significant impact on organizational innovation (WeiFu, 2017; Lubik et al., 2013; Garvin, 1993). In rapidly changing and unpredictable environment, organizational learning is necessary as the form of commitment and effort to improve sustainable management. Organizational innovation is necessary for both large and small companies. However, small organizations such as MSMEs are often failed in organizational innovation (Hsu, 2007). This happened because of the lack of human resource, modern technology, and lack of knowledge (Hitt, et al., 2006). If an organization can create innovation, then it will be able to create new product or new process. Organizations that are committed to learning will be able to create processes and products that can compete in the marketplace (Teece et al., 1997; Hsu, 2007).

The research result from Jiménez-Jiménez and Valle (2011) supported the theory and research from some experts that organizational learning has strong relation toward innovation (Song, 2015; Cohen & Levinthal, 1990; Hurley & Hult, 1998; Maktabi & Khazaei, 2014; Bunea et al., 2016). Organization can change or modify

the models of mental, process, regulation, behavior, or knowledge (Chiva & Habib, 2015). Organizational innovation is necessary as one of a way to improve work efficiency and effectiveness. If an organization does not do organizational learning, then it can be obsolete by the times and cannot compete in an increasingly competitive market (Cooper, 1998; Damanpour, 1991).

H3. Organizational learning has a significant positive effect in improving organizational innovation.

2.3. Organizational Innovation and Imitation Orientation

Drucker (1985, in Huang et al., 2010) explained that a business company only has two basic function, which is marketing and innovation. However, many organizations then fall into the “productive paradox”, where they fail to identify the benefits and productivity of a specific innovation activity. For competitive reasons, these organizations cannot afford not to invest in innovation, but economically they also cannot find enough justification to do so. Thus, their evaluation efforts do not provide enough foundation for the investment. Since innovation is a change that is automatically associated with unexpected uncertainty, imitation strategies are used and it becomes the most effective policy which implemented to reduce the risk of unexpected outcomes (Huang et al., 2010).

Social observers have known imitations as something important in human society. Machiavelli (1514, in Bikhchandani et al., 1998) stated that: “men nearly always follow the tracks made by others and proceed in their affairs by imitation.” The simplest and most basic cause of convergent is that individuals face similar decision, similar action alternatives, and similar rewards so that they make the same choices.

Imitation is a common form of behavior that arises in various business domains. Companies imitate each other in the introduction of new product and process, application of managerial methods and organizational forms, and also market entry and time of investment. Although it often happens, imitation can have a very different cause and implication. The company may do imitations to avoid lagging with their competitors, or because they believe that the actions that other people do state an information. Matching an action with a competitor can increase a competition, or it could have the opposite effect, such as promoting collusion. Imitation can encourage productive innovation or even strengthen the mistakes of the initial movement. Thus, imitation can cause great positive or negative result for the company or society as a whole (Lieberman & Asaba, 2006). Imitation is understood as an individual or organizational observation, learning and replicating behavior, product, or practices of others (Zheng & Wang, 2012) and imitation can be based on frequency, nature, and result (Haunschild & Miner, 1997). On the other hand, Zheng and Wang (2012) explained that imitative companies are companies that observe, learn, and customize products and services performed by other companies.

Ethiraj et al. (2008) stated that imitation is a process where a low-performing company replaces a subset of self-decision choice with a set of equivalent and/or interdependent decision-making options from high performing firms. Institutional theory experts argued that imitation also occurs because the previous decision or action by other organizations increase the legitimacy of the same decision or action, which is something that is very important in facing high uncertainty (Lu, 2002). Innovation and imitation is two complementary phenomena that are in a technological advancement as a process of discovery and diffusion. This process is characterized by dynamic uncertainty which means that activation of

either innovator or imitator in the market is a resource commitment that may succeed in generating positive return when the condition is favorable. From the innovator's point of view, threat from one or more imitator is one of the additional resources of uncertainty. This leads to a protection strategy that on its turn will generate threat to potential imitator (Scandizzo & Ventura, 2016). With innovation strategy, the company invests substantially in R&D and it aims to be the first to bring innovative products to the market (Green, et al., 1995). That kind of move could benefit the company in various ways. For example, first movers can achieve economic benefit such as scale and economic experience (Robinson & Fornell, 1985). Being a pioneer can also gain a strong advantage because it can precede its competitors in the acquisition of a rare asset. Here, pioneers have benefits by controlling existing assets rather than those created by the company through the development of new technology. The asset could be physical resources or other process input, such as relating to positioning the space including geographic space, product space, or the most attractive location (Lieberman & Montgomery, 1988). In the learning theory, it is explained that individuals tend to learn the right behavior and decisions by observing the actions of others and all its consequences (Haunschild & Miner, 1997).

On the other hand, innovation is not the only choice for product introduction. This is because there is only one pioneer in the market of every product. Imitation still becomes a proper strategy and more general than innovation (Golder & Tellis, 1993). Imitating can take different degrees, from pure clones representing "me too" products to creative imitations that take the existing products and improve it (Schnaars, 1994 in Zhou, 2006). The research result from Scandizzo and Ventura (2016) has raised two major implications; (1) there is a tendency for innovation to be slow because the innovator and imitator ratio is close to

steady state. Even when stable conditions are achieved, 'new; innovators (and imitators) will only replace dying products, so high level of innovation can be maintained when there is a high mortality rate in a company that already has a market, (2) ratio between innovator and imitator will be greater if the industry secrecy policy is more effective and the legal framework for the innovators is better. In this context, government intervention can work well to strengthen personal protection if the effectiveness is inadequate or it can work to deflect it to ensure the level of imitator contribution. Some research results proved that organizational innovation has strong relation toward imitation orientation (Song, 2015; Doha, 2012). Doha (2012) even explained that imitation orientation is always competing with innovation for R&D investment. Although sometimes imitation is predicted to future profits. The research from Lee and Tang (2018) strengthened the previous research result that innovation can indirectly affect toward imitation orientation through dysfunctional competition. This is because imitation orientation does not guarantee the success of the pioneer, although the pioneers are at great risk. Both have a level of competition in the choice of decision to succeed.

H4. Organizational innovation has significant negative effect in decreasing imitation orientation.

3. Research Method

This research is conducted on Batik Micro, Small, and Medium Enterprises in Pekalongan. Researchers base this on the MSMEs category set by the government of Indonesia. Based on the Law of the Republic of Indonesia Number 20 on 2008 about MSMEs it is stated that micro, small, and medium enterprises have assets as follows; maximum 50 million, >50 million up to 500 million, and > 500 million up to 2.5 billion. They also have annual sales results of; 300

million, > 300 million up to 2.5 billion, and >2.5 billion up to 50 billion. The research object is on the MSMEs based on the category of both the assets and annual sales aspects. The research is conducted on the owner (as well as manager) and manager of Batik MSMEs in Pekalongan, Central Java Province, Indonesia.

This is because Pekalongan Batik can survive for decades, able to survive from one generation to the next, and it also has been known worldwide. The batik industry in Pekalongan is faced with a very high level of competition both in local or foreign batik products.

The population of this research is all of Batik MSMEs in Pekalongan which is 1.500 Batik MSMEs located on 18 urban villages and accommodate more than 12.690 workers. There are some places that become batik centers in Pekalongan City such as Landung Sari, Medono, Pabean, Pasir Sari, Pringlangu, Sapuro, Tegal Rejo, Tirto, Banyurip Ageng, Banyurip Alit, Bendan, Buaran, Jenggog, Jenggog Kauman, Kergon, Kradenan, Krapyak Kidul, and Krapyak Lor. The target sample is 20% of the population which is 300 MSMEs. The sampling technique is done in two stages; (1) taking samples proportionally in each region according to the sample target that is determined: 17 MSMEs in each village, and (2) using purposive sampling technique based on the number of sample which already known using the criteria of the owner/manager of Batik MSMEs which has been operating for at least 5 years and has at least 5 types of batik variants. Respondents who returned the completed questionnaires are 170 MSMEs. In order to dig the data to be more comprehensive, researcher also had an interview with several key respondents in each industry actors such as Batik MSMEs owner/manager, local government, and

community. The questionnaire source of each variable are;

- (a) Leadership agility (LA) with 5 questionnaire item sourced from Joiner & Josephs (2007; Joiner, 2009a, 2009b; Lediju, 2016) modified by the researcher
- (b) Organizational Learning(OL) with 8 questionnaire item sourced from Marquardt (1996; 2002) modified by the researcher
- (c) Organizational Innovation (INOV) with 5 questionnaire item sourced from Jiménez-Jiménez & Valle (2011; Damanpour, 1991) modified by the researcher
- (d) Imitation Orientation (IB) with 6 questionnaire item sourced from Song (2015; Palmer, 2013) modified by the researcher.

This research is also supported by the acquisition of secondary data from various source of publication. The scaling technique is using Likert scale, where the alternative score in this research is 1 (very strongly disagree) up to 7 (very strongly agree). The statistic technique is using Partial Least Square.

4. ResearchResult

4.1. Respondents Profile and Characteristic

Respondents profile and characteristic can be seen on Table 1.

Table 1 described that the most respondents is owner and manager (65, 3%), man (81,8%), aged more than 40 years old (44,74%), MSMEs year is 10 – 20 years (59,4%), type of motives is 10 – 15 variations (56,5%), the color per batik motives is 5 – 10 colors (80,6).

Table 1. Respondents Profile of the Research

Respondents Profile		Frequency	Percentage (%)
Position	Owner and Manager	111	65.3
	Manager	59	34.7
Gender	Man	139	81.8
	Woman	31	18.2
Age	21 - 30 Years Old	44	25.9
	31 - 40 Years Old	50	29.4
	> 40 Years Old	76	44.7
MSMEs Year	5 - 10 Years	101	59.4
	11 - 20 Years	44	25.9
	20 - 30 Years	11	6.5
	> 30 Years	14	8.2
Type of Motives	10 - 15 Variation	96	56.5
	16 - 20 Variation	24	14.1
	> 20 Variation	50	29.4
Color per Motives	5 - 10 Color	137	80.6
	11 - 15 Color	13	7.6
	> 15 Color	20	11.8
	Amount	170	100,0

4.2. Description of Research Variables

Table 2 describes the mean of each variables from the highest to the lowest; organizational innovation (INOV) is 5.93

(SD 0.66); organizational learning (OL) is 5.74 (SD 0.86); and leadership agilty (LA) is 5.60 (SD 0.80). Meanwhile, imitation orientation (IB) has the lowest score which is 3.28(SD 1.20).

Table 2. Descriptive Statistics and Zero Order Correlation of Study Variables

Variable	Mean	SD	OL	IB	LA	IO
Organizational Learning (OL)	5.74	.86	1.000			
Imitation Orientation (IB)	3.28	1.20	-0.256**	1.000		
Leadership Agilty(LA)	5.60	.80	0.533	-0.423**	1.000	
Organizational Innovation (INOV)	5.93	.66	0.517**	-0.219**	0.550**	1.000

** = p < 0,01; two-tiled

Imitation orientation is perceived low and organizational innovation has the highest score because they still believe that the imitation orientation that they do is actually in contrary to their conscience and they are not sure that they can be success if the imitation is done continuously. They still believe that doing an innovation will enhance their tenacious soul to develop the business successfully so that it will be able to survive in a long time.

The result from correlation coefficient test shows that all research variables have a high value (significant<0.05). This research result explains that all variables have a significant relationship.

4.3. Structural Equation Model

Convergent Validity and Composite Reliability

Table 3 described that there are no measurement error in the outer model and all

latent variables can be used to predict the structural function in the inner model because all research variables have AVE Values > 0,5 and CR > 0,7. Table 4 also

explains that all research variables are valid because the \sqrt{AVE} value is higher than the correlation between variables.

Table 3. AVE and Composite Reliability (CR) Value

No	Construct	AVE Value	Composite Reliability	Explanation
1	Imitation Orientation (IB)	0.597	0.897	Reliable
2	Organizational Inovation (INOV)	0.565	0.866	Reliable
3	Leadership Agility (LA)	0.568	0.866	Reliable
4	Organizational Learning (OL)	0.550	0.906	Reliable

Table 4. Discriminant Validity on Research Variables

Construct	IO	INOV	LA	OL
Imitation Orientation (IB)	0.773			
Organizational Inovation (INOV)	-0.285	0.752		
Leadership Agility (LA)	-0.439	0.601	0.754	
Organizational Learning (OL)	-0.316	0.543	0.587	0.742

Outer Model Evaluation

Table 5 describes that all items have the outer loading value more than 0.5 with the

significant level < 0,05. Therefore, all questionnaire items have a good outer model.

Table 5. Outer model test result analysis

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Sig.
IB1 ← IB	0.565	0.517	0.160	0.160	3.525	0.001
IB2 ← IB	0.849	0.816	0.100	0.100	8.522	0.000
IB3 ← IB	0.842	0.816	0.117	0.117	7.178	0.000
IB4 ← IB	0.818	0.789	0.104	0.104	7.862	0.000
IB5 ← IB	0.672	0.648	0.132	0.132	5.091	0.000
IB6 ← IB	0.846	0.823	0.109	0.109	7.783	0.000
IO1 ← INOV	0.720	0.708	0.063	0.063	11.428	0.000
IO2 ← INOV	0.723	0.723	0.064	0.064	11.374	0.000
IO3 ← INOV	0.817	0.818	0.039	0.039	20.821	0.000
IO4 ← INOV	0.802	0.803	0.048	0.048	16.759	0.000
IO5 ← INOV	0.688	0.683	0.082	0.082	8.351	0.000
LA1 ← LA	0.774	0.776	0.052	0.052	14.769	0.000
LA2 ← LA	0.738	0.738	0.059	0.059	12.426	0.000
LA3 ← LA	0.864	0.865	0.037	0.037	23.091	0.000
LA4 ← LA	0.790	0.785	0.051	0.051	15.412	0.000
LA5 ← LA	0.568	0.552	0.108	0.108	5.247	0.000
OL1 ← OL	0.749	0.749	0.070	0.070	10.770	0.000

Table 5. Outer model test result analysis (continued)

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Sig.
OL2 ← OL	0.832	0.831	0.035	0.035	24.051	0.000
OL3 ← OL	0.805	0.798	0.063	0.063	12.853	0.000
OL4 ← OL	0.758	0.752	0.067	0.067	11.370	0.000
OL5 ← OL	0.578	0.574	0.096	0.096	6.045	0.000
OL6 ← OL	0.801	0.801	0.040	0.040	20.259	0.000
OL7 ← OL	0.721	0.722	0.054	0.054	13.326	0.000
OL8 ← OL	0.657	0.637	0.093	0.093	7.033	0.000

Table 6 explains that endogenous variable in the inner model which is Imitation Orientation (IB) and Organizational Learning (OL) is determined by Leadership Agility (LA) with the determination

coefficient of 0.649. This means that it is able to predict the model of 64.9% while the rest of 35.1% is caused by variables outside the model.

Table 6. R² Value of Endogenous Variable of Inner Model

Exogenous Variable	Endogenous Variable	R ² Value
Leadership Agility (LA)	Organizational Learning (OL)	0.344
Leadership Agility (LA) Organizational Learning (OL)	Organizational innovation (INOV)	0.417
Organizational innovation (INOV)	Imitation Orientation (IB)	0.081

In order to evaluate the research model, researcher also did a measurement of

Q² predictive relevance that can be seen on Table 7.

Table 7. Q² Predictive relevance

Construct	1-SSE/SSO	R Square
Imitation Orientation (IB)	0.0381	0.081
Organizational Innovation (INOV)	0.2129	0.417
Leadership Agility (LA)	0.3582	
Organizational Learning (OL)	0.1795	0.344

Based on Table 7, it can be seen that Q² of all variables have bigger value than 0, so it can be said that the model has good predictive relevance. In order to have a fit research model, researchers are analyzing the criteria of goodness of fit model (GoF). Table 8 explains that the GoF model value has reach 0,400 which is bigger than 0,36 so this means that the model is including in the

large category.

Structural Equation Model Interpretation

This research tests four hypotheses in the inner model. Even so, this research is also measure the effect of relationship mediation between variables (Figure 1).

Table 8. GoF Result

Construct	R Square	Communality
Imitation Orientation (IB)	0.081	0.597
Organizational Inovation (INOV)	0.417	0.565
Leadership Agility (LA)		0.568
Organizational Learning (OL)	0.344	0.550
Mean	0.281	0.570
GoF	0,400	

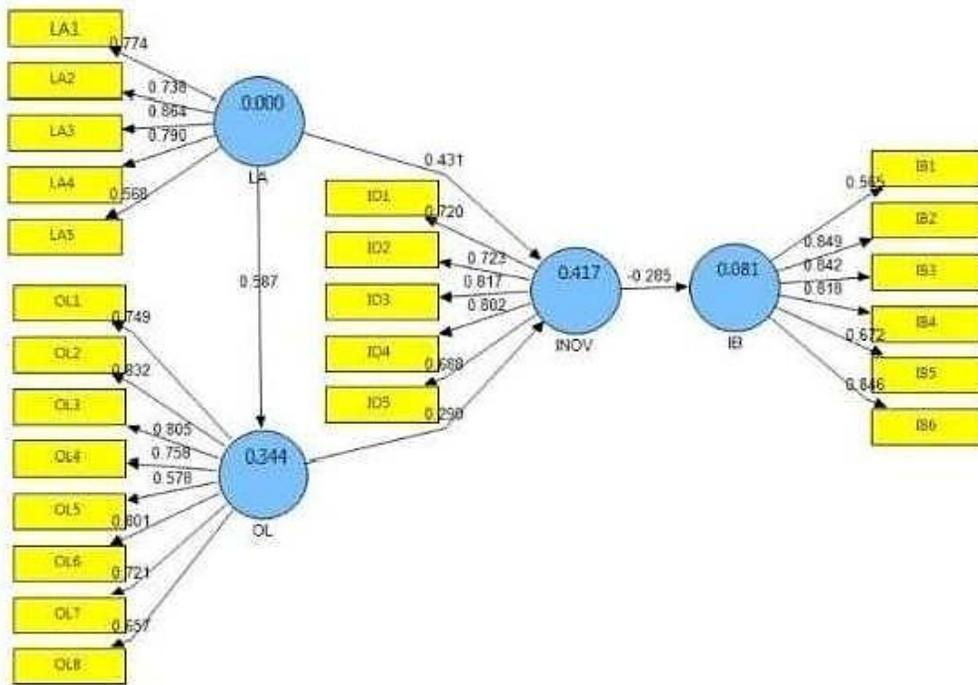


Figure 1. Structural Model (Inner Model) Between Latent Variables

Table 9. Inner model test result

Hypothesis	Path	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (O/STERR)	Sig.
1	LA →OL	0.431	0.426	0.116	3.702	0.000
2	LA →INOV	0.587	0.598	0.096	6.101	0.000
3	OL → INOV	0.290	0.303	0.125	2.316	0.022
4	INOV → IB	-0.285	-0.299	0.114	2.497	0.013

The inner model test on Table 9 shows that all four path relationships show that all paths are significant on $\alpha = 0,05$ so that all four hypotheses can be accepted.

It can be seen from the model that there are two indirect effect of path analysis as explained on Table 10.

Table10. The Measurement Result of Indirect Effect of Inner Model

Exogenous	Mediator	Endogenous	Sobel Test			Decision
			axb	Z-test	p-value	
LA	OL	INOV	0.170	2.165	0.030*	Mediating
LA	INOV	IB	-0.123	-2.070	0.038*	Mediating
OL	INOV	IB	-0.083	-1.698	0.090	Not mediating

The conclusion from Table 10 is:

- 1) There is an indirect effect from Leadership Agility (LA) toward Organizational Innovation (INOV) through Organizational Learning (OL) with the path coefficient of 0,170 (z test of 2,165 with the sign of 0,030<0,05). This means that Organizational Learning (OL) mediates the effect of Leadership Agility (LA) toward Organizational Innovation (INOV).
- 2) There is an indirect effect from Leadership Agility (LA) toward Imitation Orientation (IB) through Organizational Innovation (INOV) with the path coefficient of -0,123 (z test of -2,070 with the sign 0,038<0,05). This means that Organizational Innovation (INOV) mediates the effect of Leadership agility (LA) toward Imitation Orientation (IB).
- 3) There is no indirect effect from Organizational Learning (OL) toward Imitation orientation (IB) through Organizational Innovation (INOV). This is because the result of path coefficient is -0,083 (z test -1,698 and the sign 0,090>0,05). This means that Innovation Orientation (INOV) does not mediate the effect of Organizational Learning (OL) toward Imitation Orientation (IB).

5. Discussion

Batik industry in Pekalongan has been recognized to help the government in the absorption of labor, poverty alleviation, and

economic growth in the Province of Central Java, especially Pekalongan. Uniquely, the society in this area is dominated by three ethnics who are Javanese, Chinese, and Arabic and they live harmoniously from year to year. The development of Batik industry in Pekalongan is increasing from year to year. Similarly, the level of competition is relatively very tight, even sometimes the people in this industry are not rational in taking strategic decision, especially price war. This condition requires the demands from the owner/manager to fight hard and agile in seeing and analyzing the market. They are also required to have employees who can follow the movement of competition and support the organization to be agile. MSMEs employees must have a strong will or intention to learn both from the start of the production process and until the sales process. This research result support the *first hypothesis* which is leadership agility can provide a significant positive effect toward organizational learning. This supports the research from Kurland et al. (2010; Alsabbagh & Al Khalil (2016; Nafei, et al., 2012; Mutahar et al., 2015). Leaders must be able to change their employees to be more creative and innovative in producing interesting designs, motives, and colors so that the product can be sold in the market. Although the description result explain that MSMEs that have been established for 10 – 20 years (59,4%), has many motives of 10 – 15 variations (56,5%), and the number of color in one motive is 5 – 10 colors (80,6), Batik MSMEs in Pekalongan is still required to do a continuous learning process in order to survive in the middle of increasingly fierce competition. Especially when there was

crisis of people's purchasing power toward batik handicraft product in 2017. This condition has not been recovered until now, and there was a decline of batik production that reaches 10% to 20% (<http://validnews.co/Pengusaha-Batik-Pekalongan-Yakin-Ekspor-Kembali-Bergeliat-bhX>, accessed on 26 February, 2018). The research results from Kurland et al. (2010) proved that leadership effectiveness of a man can improve organizational learning of the employees and organizational innovation (Jiménez-Jiménez and Valle, 2011).

This research is also support the *second research hypothesis* that leadership agility can provide a significant positive effect toward organizational innovation. This result strengthened the argument and the research result from Jiménez-Jiménez and Valle (2011) that organizational learning has a strong relationship toward innovation (Song, 2015; Cohen & Levinthal, 1990; Hurley & Hult, 1998; Maktabi and Khazaei, 2014; Bunea et al., 2016). It should be noted that leadership agility can improve organizational innovation. MSMEs leaders in Pekalongan must be able to create a unique and different product so that it can be an icon that later can become a trendsetter on Batik products in Pekalongan. Besides, they have to be flexible, responsive, and easy to adjust with the environment, and show a real action in facing unstable environment. An agile leader will manage a sustainable action by understanding the latest situation they will face, and adjust to the situation through diversion, perspective, and behavioral change. Based on the survey from Joiner and Josephs (2007), the agile attitude from a leader will show a proactive and planned attitude. Leadership agility is an ability that possessed by leaders to behave.

Agile MSMEs leaders in Pekalongan must be able to manage a sustainable action by understanding the latest situation they will face, and adjust to the situation through diversion, perspective, and behavioral change. This leadership agility should be

able to encourage organizational learning, because it should not only become a demand, but also become a habit to continue to communicate and engage employees in technical decision making but still be controlled and monitored in order to realize the achievement of organizational innovation. A wise leader is someone who can give a chance to his employees to have organizational learning. Moreover, organizational learning is proved to be able to mediate the effect of leadership agility toward organizational innovation. Organizational innovation (INOV) also mediates the effect of leadership agility toward Imitation orientation (IB).

The research result is support the third hypothesis which is organizational learning can improve organizational innovation. The Batik MSMEs leaders in Pekalongan have to improve their role as mediator, facilitator, even 'supporter' in organizational learning. Although the condition of self-taught learning in Pekalongan has become a tradition, the task of a leader is to transmit and provide his knowledge to be absorbed and applied properly to the employees. This is because they sometimes get free training facility from the government, universities, and state-owned companies or private companies that have a CSR programs for MSMEs in designing, coloring, cleaning, color enlightening, marketing, finance, and MSMEs managing. Remarkably, the owner or manager does not hesitate to share knowledge to their employee. They even *ikhlas* if some of their smart employees resign from the company and set up their own business. They are given the opportunity by the owner/manager to be independent. They have the principle of "Work can be imitated, but the fortune (*rezeki*) comes from Allah/God." The socialization and regeneration process work very effective and natural that comes from the families and employees involved in the MSMEs. For the manufacturer of Batik Tulis, the learning process requires a relatively very long time and perseverance

because Batik Tulis is believed to be an art whose creation process should not be reckless. They have a high commitment to preserve the cultural values that have been passed from one generation to the next. Another consideration is that Batik Tulis has its own market segment and it can be sold at a very expensive price. But the other considerations are that they require a large capital because the flow of money runs very long, not as fast as Batik printing/screen printing.

This research is also supports the *fourth hypothesis* that organizational innovation is able to decrease imitation orientation. This research result is strengthen that Organizational Innovation (INOV) cannot be able to mediate the effect of Organizational Learning (OL) toward Imitation Orientation (IB). Therefore, it means that company requires good organization learning because it is predicted that it can decrease the imitation orientation of MSMEs.

It is known that organizational innovation will support MSMEs to have creative and innovative soul so that they can produce unique and interesting batik products. There are some Batik MSMEs in Pekalongan that are successful to maintain their product to be the trendsetter of other MSMEs. The key is creativity and innovation that they applied through doing an innovation from the outside and inside in their motives and batik color.

It is just that sometimes, due to the high level of competition especially for batik printing/screen printing, sometimes they use shortcuts to imitate strategies or decision taken by other MSMEs such as for raw material purchases, production process, up to the sell process. The decisions are sometimes irrational, because sometimes they have a principal "the important thing is, the items are sold and the capital can come back." They do realize that the demand of innovation is become a challenge because in the future the competition will become fiercer. It could be worse if this habit to

imitate does not change, because it will increase the legitimacy of the same decision and actions from time to time, so it is very dangerous for the sustainability of Pekalongan Batik MSMEs in the future. Therefore, the inventor of innovation especially from the method, coloring, motives, and brand must protect those with copyright. It needs support from the government and universities to train and assist them so that they can be more successful in the future. This is important to protect them from copying or counterfeiting their copyrighted works and brands they have produced for decades. Although imitation has become a common and feasible strategy than innovation (Golder & Tellis, 1993), the negative and positive consequences need to be considered for future business success (Lieberman & Asaba, 2006).

6. Conclusion and Recommendation For Future Research

This research gives a conclusion that leadership agility for MSMEs is important to improve organizational learning and organizational innovation. Organizational learning is able to improve organizational innovation. When the organizational innovation is improved, it is able to decrease imitation orientation from the MSMEs. Another finding is that Organizational Learning (OL) is able to mediate the effect of Leadership Agility (LA) toward Organizational Innovation (INOV). Organizational Innovation (INOV) is also able to mediate the effect of leadership agility (LA) toward Imitation Orientation (IB). Another interesting finding is that Organizational Innovation (INOV) cannot be able to mediate the effect of Organizational Learning (OL) toward Imitation Behavior (IB).

Theory implication of this research is that the concept of leadership agility,

organizational learning, organizational innovation, and imitation orientation can be integrated as a model that gives a contribution to business development in MSMEs and can be implemented in MSMEs organizations.

This research is also offers contribution for practitioners that it is important for an organization such as MSME to have leadership agility and organizational innovation, as well as apply organizational learning to drive the success of MSMEs business in the future to survive and have high competitiveness. Imitation orientation can be a strategy choice but still consider its negative and positive effect.

This study can be replicated in the future by considering the area of Batik industry in other regions in Indonesia or even abroad. Besides known as a city of batik, Pekalongan is well known as a region that greatly appreciates diversity. Most of them are

Muslim, but they can live harmoniously with other ethnics such as Arab and China. Therefore, future research should consider other aspects such as; local culture, life style, and sharia management practices in order to improve the performance of MSMEs business. In addition, social, religious, and environment performance are also important to be considered.

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