

Enhancing Organizational Change Readiness in Higher Education: The Role of Contextual Culture and Learning Capabilities

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Abstract. This study investigates the role of contextual culture capability and learning capability in driving organizational capability change in higher education. A survey of 50 faculty members was conducted using SEM analysis. The results reveal that learning capability positively influences capability change, explaining 68.5% of variance. However, contextual culture capability had no significant impact. The findings have important practical implications for developing learning capabilities to improve change readiness in higher education. Theoretically, the study addresses gaps in applying organizational capability literature specifically to higher education context. It provides empirical evidence on the role of learning capability in capability change. Further research should explore cultural factors inhibiting change in academic institutions and investigate capability change from multi-stakeholder perspectives. This study yields valuable insights to inform policies and strategies for capability development in higher education aiming to achieve world-class status.

Keywords: context culture capability, learning capability, organizational capability change, world class university

1. Introduction

Education is an important part of a country's economic development. As a result, one of the most crucial sectors that must be focused on is education. Furthermore, globalization has a profound impact on the education sector. Consider the 4.0 education revolution's pervasiveness in today's culture. The physical and non-physical integration of technology in teaching and learning systems is referred to as Education Revolution 4.0. This is a sort of reaction to meeting the needs of the industrial revolution through learning innovation, with the purpose of utilizing technology to grow resource capacities and skills to compete on a global scale.

Every university wishes to have a good reputation. Universities with this reputation will be admired by the public on a national and international scale. A reputation is an impression formed outside of the institution. This cannot be accomplished in a short period of time but is the result of a constant purposeful, methodical, and consistent effort. As a result, a long-term and consistent efforts are required to improve a sustainable reputation. The reputation of a university can be achieved by acknowledgment from third parties or other entities with the capacity to make assessments. According to the World University Ranking 2023 from (Times Higher Education, 2023), the list of universities is evaluated. Teaching, research, knowledge transfer, and worldwide perceptions are among the performance measures used to assess each university's success. According to the data, the top 20 universities are in the United States, England, China, and Singapore. However, Indonesia continues to fall far behind. This is due to the fact that education in Indonesia is still in need of major systematic reform, particularly in terms of low educational quality and fundamental issues such as access and participation in educational institutions (kompas.id, 2023)(Hendrayati, 2022).

All parts of the university must work hard to become a world-class university. Thus, this requires not only improvements in research, teaching, and innovation, but also in the organization and management of its organization. As a result, higher education leaders such as the chancellor, chairman of the university senate, chairman of the supervisory board, or chairman of the foundation must be dedicated and have a strong desire to continually enhance the quality of higher education as policymakers in an organization. These policy guidelines must be translated into plans that can be executed based on the university's resources by the leadership below.

According to (Atasoy, 2020), to compete, withstand the pressures of change, and meet the demands of the information era in the twenty-first century, educational organizations must be more creative, dynamic, and proactive in the context of changes. Researchers believe educational institutions can contribute more to the nation's competitive edge if higher education has a healthy organizational structure. Therefore, universities are required to be able to produce highly skilled graduates with an entrepreneurial mindset who can create jobs, advance knowledge, applied sciences and the arts, as well as contribute actively to the cultural development of our country, and improve service standards. To achieve these expectations, higher education institutions in Indonesia must adapt through competent, progressive, creative, and innovative management, as well as entrepreneurial leadership. Furthermore, leaders in educational organizations must be innovative, adaptive, and successful to successfully accomplish these objectives. Similarly, excellent utilization of material and human resources. According to (Awbrey, 2005), transforming education in general entails not just altering the curriculum, but also changing the organizational culture. Learning is also essential for an organization's ability to analyze and adapt to changing situations (Yeung, 1999).

Based on phenomena related to lack of management in higher educational institutions, researchers are interested in exploring further on how organizational culture capabilities and learning can influence organizational capabilities. Apart from that, research on higher education capabilities is still lacking especially at universities in Indonesia, and therefore this research still needs to be explored. This research aims to help improve the quality of performance of universities in Indonesia to compete with world-class universities.

2. Literature Review

2.1. Organizational Cultural Capability

According to (Klarner, Probst, & Soparnot, 2008), cultural capability is one of the key factors that may influence an organization's ability to make changes. This is in line with (Austin & Ciaassen, 2008), who suggest that any organizational change approach must consider organizational culture. Organizational culture, on the other hand, is commonly characterized as a set of shared meanings, values, and beliefs shared by members of a group. Understanding the various cultural types and how they may embrace or reject change may assist leaders and implementers in running their businesses more successfully.

Researchers agree that managers must assess their plans in addition to knowing how their employees and others might respond to changes in corporate culture. If they want to foster an atmosphere in the organization that fosters innovation, they must focus on several qualities, including creativity, openness to exploring new ideas, opportunism, and being a risk taker (Chandler, Keller, & Lyon, 2000); (Subramaniam & Ashkanasy, 2001).

Organizations are more than simply functional entities, therefore (Smircich, 1983) contends that in order to successfully implement change, it is essential to understand what an organization means to the individuals who work there. Every person inside an organization creates a culture that has a common meaning. Consequently, the company has the ability to implement changes on a broad scale (Awbrey, 2005).

2.2. Learning Capabilities

Individual and group learning that is used to accomplish the organization's vision and performance goals is essentially what organizational learning is. This process can be aided or impeded by certain management techniques and internal factors. Therefore, we can evaluate an organization's capacity for learning if we can pinpoint the internal factors and management practices that support learning (Goh, 2003). Additionally, it might assist managers in concentrating on certain learning-related endeavours. An organization's ability to adapt to fast and unpredictable shifts can be augmented by using the concept of the learning organization (Drew & Smith, 1995). According to (Chiva, Alegre, & Lapiedra, 2007), organizational learning is a characteristic of organization and management that not only supports but also occurs within the learning process in companies. A learning organization or learning capability is described as continuous learning that is supported and constantly responds to external changes (Malik & Garg, 2020).

Organizational learning is seen as latent and has several facets. This is done with the intention that the different parts that make up its structure include all of its meaning. To prove that an organization has a high learning capacity, the organization must show a high degree of learning on each trait that is listed. The managerial commitment, systems perspectives, openness and experimentation, knowledge transfer, and integration are just some of the elements that make into the organizational learning structure model. These dimensions are a summary of the characteristics that were previously stated as essential components that a company must comprehend. In other words, it may be concluded that for organizations to change, learning must be a skill that can be acquired (Jerez-Gomez, Céspedes-Lorente, & Valle-Cabrera, 2005).

2.3. Organizational Capability Change

Organizational capability, which form operational procedures, skills, and knowledge are a valuable resource. It is further emphasized that these strategic information management abilities are essential for surviving in a dynamic environment that is continually changing. According to the knowledge-based viewpoint, organizational capabilities are a key factor in driving competitive advantage (Lee, 2001). (Khan, 2019) argues that understanding organizational capabilities or the body of knowledge that a group of individuals in an organization possesses is essential. This information is deeply embedded in

the organization's interaction routines and practices. The organization's interaction routines and procedures are heavily ingrained with this knowledge. The acquired knowledge could indicate an organization's specialty, but it might not be uniform among similar firms offering related goods or services. Increasing organizational capabilities is believed to improve organizational performance (Rehman, Mohamed, & Ayoup, 2019).

Organizational capability is the organization's overall strength and ability to drive organizational goals. Human resources are considered an organizational resource and a significant success driver, and they help to boost and preserve an organization's competitiveness. Capability addresses strongly impacts an organization's ability to empower resources and make changes. The evolution of global society is linked to factors in order to influence an organization's ability to adapt to cope with significant periods of change, such as technological, economic, and geopolitical breakthroughs. Cultural capability, learning capability and process capability were recognized as three aspects by (Klarner, Probst, & Soparnot, 2008).

Based on literature studies, researchers assume that there is a relationship between cultural capabilities and learning capabilities in organizations on organizational change in facing competitive advantage. Therefore, the hypothesis of the study is as follows:

H1: Context Cultural Capability influences Organizational Capability Change.

H2: Learning Capability influences Organizational Capability Change

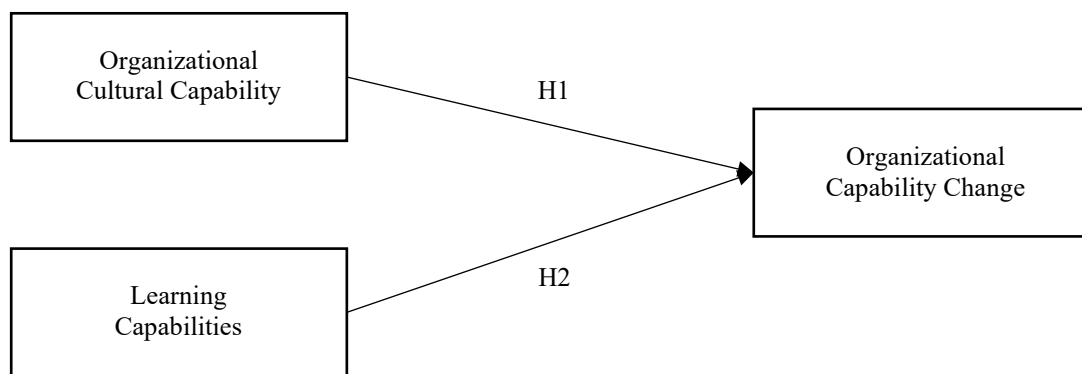


Fig.1: Research Model

3. Research Methodology

3.1. Data Source

This study utilized a quantitative and qualitative data analysis to examine the relationships among Organizational Capability Change, Learning Capabilities, and Organizational Cultural Capability in higher education. In order to contribute to the body of knowledge in strategic business management, the authors employed survey research to collect the primary data for this study, which was collected through questionnaires.

The population of this study includes all lecturers at Universitas Pendidikan Indonesia (UPI) in Bandung, Indonesia. We selected UPI based on its status as one of the universities entrusted with autonomy over higher education administration and its membership in the highest cluster of Indonesian universities. In addition, in terms of quality, UPI is ranked among the ten universities with the greatest number of A-accredited academic programs. The study population comprises 650 lecturers who hold doctoral degrees (PhD graduates). The sampling method is implemented under the Purposive Sampling Criteria, which prescribes that the selection is not random but rather predicated on specific factors

considered to collect the greatest amount of data (Arikunto, 2008). Therefore, the number of samples in this study comprised 50 lecturers.

In order to collect this data, we distributed online questionnaires to each participant. The process of data collection lasted three months, started in March and ended in June of the year 2023. Before beginning the primary research, an initial assessment was undertaken on each item to determine its statistical validity. Furthermore, the questionnaire was carried out utilizing a 7-point Likert scale. The variable of organizational cultural capability has been derived from a prior study conducted by (Yilmaz & Ergun, 2008). In the context of learning capacities, the measurement of this variable pertains to an individual's level of competence, as defined by (Spencer & Spencer, 2008).

3.2. Analysis Techniques

Structural Equation Modelling (SEM) is used in this study. SEM is a second-generation multivariate data analysis approach that is frequently used to test theoretically supported linear models and causal research (Haenlein & Kaplan, 2004). The reason for employing the PLS-SEM technique in this study relies on its extensive application in the field of strategic management research. The primary use of PLS-SEM is to account for the variability observed in a critical target construct, such as a company's strategic success (Reinartz, Haenlein, & Henseler, 2009);(Hair, Sarstedt, Ringle, & Mena, 2012). In addition, the sample size in this study is relatively small (n=50). Consequently, employing PLS-SEM will likely enable one to attain a substantial degree of statistical power. However, PLS-SEM has been applied for research with low response rates in strategic management research samples (Hoskisson, Eden, Lau, & Wright, 2000); (Wright, Filatotchev, Hoskisson, & Peng, 2005). Similarly, the questionnaire in the present study was distributed to 125 lecturers; nonetheless, only 53 lecturers (or 42% of the total) completed the questionnaire. Therefore, the authors employed the PLS-SEM model with SmartPLS software in this study.

4. Analysis Results

The verification findings describe the outcomes of PLS-SEM calculations using measurement and structural models. These verification data are mostly used to put the stated hypothesis to the test. This study consists of three variables, there are Organizational Cultural Capability (X1), Learning Capabilities (X2), and Organizational Capability Change (Y). The study conducted an assessment of validity. The Pearson Product-Moment Correlation Formula is the appropriate method for assessing the validity of this research. The results indicate that all of the tools used to measure Organizational Cultural Capability in this study possess validity. In addition to this, it can be asserted that the outcomes of every measure Learning Capabilities showed validity. The findings of the study also indicate that all of the tools used to measure Organizational Capability Change in this research are showed valid.

4.1. Findings of the Organizational Cultural Capability Variable

The Organizational Cultural Capability variable with each dimension can be presented in Table 2. The measurement model for the Organizational Cultural Capability variable in the lower order explains the manifest variable which is correlated with the construct dimension (outer loading) along with the p-value as the level of significance. The results of the higher-order measurement model explain the value of the path coefficients between the dimensional construct and the variables along with the p-value as the level of significance.

Table 1. Outer Loading Value in the Initial Measurement Model of the CCC Variable

| Variable | Dimensions | Indicator | Outer Loading | | AVE | CR | Cr. Alpha | V or TV | R or TR |
|------------------------------------|--------------|-----------|-------------------------|-----------------------|-------|-------|-----------|---------|---------|
| | | | Indicators ← Dimensions | Indicator ← V. Latent | | | | | |
| Context Cultural Capability | Consistency | ccc1 | 0.862 | 0.732 | 0.641 | 0.914 | 0.887 | V | R |
| | | ccc2 | 0.843 | 0.772 | | | | V | R |
| | | ccc3 | 0.754 | 0.712 | | | | V | R |
| | Involvement | ccc4 | 0.737 | 0.772 | 0.897 | 0.761 | 0.857 | V | R |
| | | ccc5 | 0.704 | 0.754 | | | | V | R |
| | | ccc6 | 0.845 | 0.816 | | | | V | R |
| | Missions | ccc7 | 0.857 | 0.754 | 0.775 | 0.912 | 0.854 | V | R |
| | | ccc8 | 0.907 | 0.754 | | | | V | R |
| | | ccc9 | 0.876 | 0.816 | | | | V | R |
| | Adaptability | ccc10 | 0.756 | 0.787 | 0.623 | 0.867 | 0.795 | V | R |
| | | ccc11 | 0.933 | 0.879 | | | | V | R |
| | | ccc12 | 0.728 | 0.787 | | | | V | R |
| ORGANIZATIONAL CULTURAL CAPABILITY | | | | | 0.869 | 0.952 | 0.925 | V | R |

Note: V= Valid, TV=Invalid, R=Reliable, TR=Not Reliable

Table 1 shows that the outer loading is more than 0.7 for each indication in the dimensions of consistency, involvement, mission, and flexibility, indicating that each indicator is valid. The AVE for varied Organizational Cultural Capability is 0.869 (>0.5). As a result, all indicators in the Organizational Cultural Capability dimension are valid and reliable and can thus be used for additional measurements.

4.2. Findings on Learning Capability Variables

The Learning Capability variable measurement model in the lower order discusses the manifest variable that is connected with the dimensional construct (outer loading) as well as the p-value as the degree of significance. The results of the higher order measurement model describe the value of the path coefficients between the dimensional construct and the variables, as well as the p-value as the level of significance.

Table 2. Outer Loading Value Results of Revised LC Variable Measurement Model

| Variable | Dimensions | Indicator | Outer Loading | | AVE | CR | Cr. Alpha | V or TV | R or TR |
|---------------------|------------|-----------|-------------------------|-----------------------|-------|-------|-----------|---------|---------|
| | | | Indicators ← Dimensions | Indicator ← V. Latent | | | | | |
| LEARNING CAPABILITY | MOT TRAIT | au2 | 0.818 | 0.753 | 0.667 | 0.909 | 0.874 | V | R |
| | | au3 | 0.856 | 0.778 | | | | V | R |
| | | au4 | 0.875 | 0.791 | | | | V | R |
| | S.C | au5 | 0.782 | 0.727 | 1,000 | 1,000 | 1,000 | V | R |
| | | au6 | 0.747 | 0.743 | | | | V | R |
| | | rt5 | 1,000 | 0.747 | | | | V | R |
| | KNW | pa1 | 0.857 | 0.764 | 0.775 | 0.912 | 0.854 | V | R |
| | | pa2 | 0.908 | 0.770 | | | | V | R |
| | | pa3 | 0.875 | 0.818 | | | | V | R |

| | | | | | | | | |
|---------------------|-----|-------|-------|-------|-------|-------|---|---|
| SKILLS | ca1 | 0.900 | 0.815 | 0.813 | 0.897 | 0.770 | V | R |
| | ca2 | 0.903 | 0.828 | | | | V | R |
| LEARNING CAPABILITY | | | | 0.864 | 0.927 | 0.845 | V | R |

Note: V= Valid, TV=Invalid, R=Reliable, TR=Not Reliable, MOT=motivation, TR=traits, KNW=knowledge, SC= self-concept, S=skill.

Researcher Processed Results (2023)

Table 2 demonstrates that the outer loading for each indicator is more than 0.7 in the dimensions of motivation, traits, knowledge, self-concept, and abilities, showing that each indicator is valid. Overall, the AVE value for the Learning Capability variable is 0.864 (>0.5), indicating that all indicators in the Learning Capability dimension are valid and reliable and can be used in future research investigations.

4.3. Findings of the Organization Capability Change Variable

In the lower order, the measurement model for the Organization Capability Change variable describes the manifest variable, which is correlated with the dimensional construct (outer loading), as well as the p-value as the level of significance. The higher order measurement model results describe the value of the path coefficients between the dimensional construct and the variables, as well as the p-value as the level of significance.

Table 3. Outer Loading Value Results of the OCC Variable Measurement Model

| Variable | Dimensions | Indicator | Outer Loading | | AVE | CR | Cr. Alpha | V or TV | R or TR |
|--------------------------------|------------|-----------|-------------------|------------------|-------|-------|-----------|---------|---------|
| | | | Ind. ← Dimensions | Ind. ← V. Latent | | | | | |
| ORGANIZATION CAPABILITY CHANGE | KOM | tpp1 | 0.716 | 0.878 | 0.672 | 0.891 | 0.835 | V | R |
| | | tpp2 | 0.881 | 0.905 | | | | V | R |
| | | oi1 | 0.820 | 0.874 | | | | V | R |
| | | oi2 | 0.851 | 0.869 | | | | V | R |
| | UNG | ai1 | 0.766 | 0.820 | 0.626 | 0.769 | 0.895 | V | R |
| | | ip1 | 0.815 | 0.878 | | | | V | R |
| | KRC | ne1 | 0.892 | 0.706 | 0.822 | 0.902 | 0.784 | V | R |
| | | ne2 | 0.921 | 0.818 | | | | V | R |
| | PML | le1 | 0.930 | 0.801 | 0.864 | 0.962 | 0.947 | V | R |
| | | le2 | 0.927 | 0.821 | | | | V | R |
| | | le3 | 0.940 | 0.777 | | | | V | R |
| | | le4 | 0.921 | 0.770 | | | | V | R |
| ORG CAPABILITY CHANGE | | | | | 0.853 | 0.959 | 0.942 | V | R |

Note: V= Valid, TV=Invalid, R=Reliable, TR=Not Reliable.

KOM=Competency, UNG=Excellence, KRC=Trust, PML=Experience

According to the data in Table 3, the outer loading value for each dimension for each construct is more than 0.7, implying that each dimension may accurately reflect each construct. CR and CA values larger than 0.7, as well as AVE values is 0.853 or greater than 0.5. Thus, it shows that all indicators and dimensions in this construct have good construct and convergent reliability, indicating that the model is reliable.

4.4. Findings of Discriminant Validity

The correlation value between constructs demonstrates discriminant validity for each dimension of each concept. In this example, the square root of AVE is greater than the value of each association. As a result, discriminant validity for all constructs can demonstrate that the constructs analyzed in the model do, in fact, have distinct properties in each notion.

Table 4. Discriminant Validity

| | Correlation Value between Constructs | | | | | Validity Discriminant |
|-----|--------------------------------------|-------|-------|-------|-------|--|
| | CCC | LC | PC | OCC | AVE | |
| CCC | 1,000 | 0.815 | 0.700 | 0.590 | 0.867 | FULFILLED Because all squared correlation values between latent constructs < AVE of each related construct (Fornel C & Larcker D, 1981) |
| LC | 0.815 | 1,000 | 0.767 | 0.605 | 0.813 | |
| PC | 0.700 | 0.767 | 1,000 | 0.697 | 0.875 | |
| OCC | 0.590 | 0.605 | 0.697 | 1,000 | 1,000 | |

Note: CCC= Context Cultural Capability, LC= Learning Capacity, PC= Process Capability OCC= Organization Capability Change

Source: Data Processing (2023)

According to the loading value of each dimension, the Attention dimension of the Integrity variable, with a value of 0.952, may have the most influence on forming the Lecturer Integrity construct. Furthermore, the human recourses facilities dimension may be the finest representation of the Competency construct. The Research dimension and the Service dimension are the most prevalent dimensions in building the construct of lecturer performance.

4.5. Hypothesis Test Results

Overall, the magnitude of direct and indirect effects of each sub-model, as well as the magnitude of f^2 (effect size) and its interpretation can be seen as follow.

Table 5. Direct, Indirect Influence, and Effect Size

| Track | | | Direct Effect (Coefficient) | S.E | t-value | p (0.05) | Sig | Hypothesis |
|-------|------|----|-----------------------------|-------|---------|----------|------|------------|
| Y | <--- | X1 | 0.085 | 0.066 | 1,298 | 0.194 | NS | Rejected |
| Y | <--- | X2 | 0.685 | 0.089 | 3,853 | 0,000 | Sig. | Accepted |

Source: Data Processing (2023)

Table 5 shows that the relationship between Organizational Cultural Capability with Organizational Capability change having a significance value of 0.194 or >0.05 . This means that there is no relationship between Organizational Cultural Capability and Organizational Capability Change. Meanwhile, the relationship between Learning Capability and Organizational Capability Change has a significance value of 0.000 or <0.05 . This means that Learning Capability influences Organizational Capability Change.

5. Discussions

Based on the results obtained from this study, it can be concluded that the only factor that determines of organizational capability change is the Learning Capabilities, whereas Organizational Cultural Capability fails to have a significant influence. The potential reasons for the observed issues in higher education at Universitas Pendidikan Indonesia may stem from a deficiency in continuity, engagement, and flexibility to available resources. Universitas Pendidikan Indonesia's recent failure to attain the prestigious title of a world-class university can be attributed to its inability to meet the specified standards for such an award. These benchmarks encompass various aspects, including the volume of research publications, the caliber of teaching, and the facilitation of knowledge dissemination through collaborative efforts or student exchange programs. Hence, it is imperative to make concerted endeavors toward enhancing creative organizational capacities to expedite the progress of universities in attaining the status of world-class universities.

5.1. Theoretical Contributions

First, this study highlights the significance of enhancing an organization's ability to deal with change. It demonstrates that learning capability, as a dynamic competency, can enable organizations to effectively leverage their resources, swiftly adapt to evolving circumstances, and ultimately boost organizational performance. This research aims to enhance comprehension of the relationship between learning capability and organizational capability change, contributing to the existing body of knowledge on the subject and highlighting the significant role played by learning capability in driving organizational capability change. Empirical evidence proves the substantial impact of learning capability on the process of organizational capability change. The primary rationale behind this may stem from the recognition of learning capability as a pivotal mechanism that connects dynamic capacities and knowledge management within an organizational structure (Eltigani, et al., 2020).

Second, through an examination of the impact of organizational cultural capabilities on organizational change capabilities, this research adds to the existing body of knowledge by demonstrating that organizational culture does not influence organizational capability change. This could be attributed to the robustness of the culture at Universitas Pendidikan Indonesia, which appears to have contributed to the respondents' high level of satisfaction with their organization's culture. In addition, as stated in study by (Rashid, Sambasivan, & Rahman, 2004), the degree of adoption of attitudes toward organizational change varies across distinct organizational cultures. In other words, specific varieties of organizational culture can foster the embrace of change, whereas others are incapable of doing so. Hence, the impact of organizational culture on organizational change is not constantly significant.

5.2. Practical Contributions

This study offers significance for directors and managers of organizations, particularly those performing within the educational sector, such as universities. This study is anticipated to serve as a valuable resource for practitioners of leadership in effectively managing organizational culture and enhancing learning capabilities to facilitate organizational change. The present discussion will outline several distinct management consequences.

Firstly, enhancing capabilities within the context of higher education can be achieved through enhancing the comprehension of academic leaders about the significance of change processes, such as management development, in collaboration with other tertiary institutions on an international level. Engage in global research endeavors, such as implementing a curriculum and learning standards that surpass national boundaries or facilitating student exchanges with peers from different countries. Higher education as a learning organization continues to adapt dynamically in response to environmental changes from local, national, regional, and global perspectives.

Secondly, in the context of adapting to change, there are three primary components that are the strength of a higher education institution: learning quality, knowledge, and leadership competence in leading and managing higher education. According to the three teachings of higher education in Indonesia, the quality of learning is related to the quality of service in carrying out the educational process, research process, and voluntary work process. Science is primarily focused on the development of complex concepts and theories that address the demands of a changing society. This aspect serves as a key advantage for academic faculty members in their efforts to produce highly skilled graduates who possess both strong foundational abilities and essential soft skills, such as critical thinking, creative thinking, effective communication, and collaborative teamwork. In addition to succeeding in the digital era, graduates are required to possess a range of essential competencies. These include educational competence, which encompasses a strong foundation of knowledge and skills acquired through formal education. Additionally, research competence is crucial, as it enables graduates to effectively gather and analyze information systematically and thoughtfully. Furthermore, graduates must possess online-based business competence, which refers to the ability to navigate and thrive in the digital business

landscape. This entails understanding and utilizing various online platforms and technologies to drive business growth and success.

Nowadays, graduates also need to develop worldwide insight, which involves a comprehensive understanding of globalization and its impact on various industries and markets. This competency enables graduates to effectively navigate and adapt to the interconnected nature of the global economy. Moreover, graduates must cultivate a view of the future, specifically in terms of future strategies. This entails the ability to anticipate and adapt to emerging trends and technologies in the digital era, ensuring long-term success and competitiveness. Overall, these competencies are essential for graduates to thrive in the digital era, equipping them with the necessary skills and knowledge to excel in a rapidly evolving and interconnected world. Meanwhile, the wisdom factor is a competency connected to the ability of leaders in higher education, especially academic leaders such as Chancellors, Deans, Postgraduate Directors, and Heads of Study Programs, to direct higher education. In this context, it is related to the style or pattern of leadership or the ability to establish relationships in the context of learning and good collaboration with students as internal customers and the community and the business world (external customers).

Thirdly, to improve the approach of governmental organizations and higher education leaders in promoting world-class higher education, it is essential to develop frameworks, ideas, and conceptualizations that integrate the aforementioned three components—supportive policies or regulations, a pertinent curriculum, a budget, effective financial management, and efficient research management—to guarantee excellence. The strategies employed by the government, universities, higher education institutions, and their collaborators to establish a global plan and transform into world-class institutions have been categorized (Marginson, 2011). A systemic analysis of the input, according to a study by the Ministry of Research, Technology, and Higher Education, consists of students and resources in higher education. The process includes curriculum, current and relevant learning systems and procedures, general literacy and interpersonal skills, high-quality study programs, and graduates who enjoy national and international recognition. Following the industrial era 4.0, the human capital of graduates is enhanced with new competencies and skills; the result is higher education that is inclusive, pertinent, and of high quality; this contributes to an innovative and competitive educational system.

The challenge that Universitas Pendidikan Indonesia is facing is that there is still a shortage of doctoral-level lecturers, and scientific publications. This circumstance requires resolution to sustain the university's endeavors towards attaining recognition at the Asian level and, ultimately, admission as a world-class institution. Human resources, including lecturers, are a factor that influences institutions of international caliber. Lecturers are strongly encouraged to pursue advanced degrees, including but not limited to a doctorate. This is also in line with the mandated by the Directorate General of Higher Education, universities' instructors are required to possess a doctoral degree. Therefore, for a postsecondary institution to attain world class university status, a strategic plan must be in place to ensure that each lecturer is staffed with physicians and professors. This could affect international reputation and competitiveness. Additional components of higher education that can be satisfied through the use of information technology and communication include e-learning, the provision of e-learning facilities, digital learning, and the ability to conduct digital research.

Lastly, innovative pedagogical strategies must be devised by university administration. In the 4.0 era of the Industrial Revolution, all instructors are required to possess digital literacy. However, digital research is unprepared for the majority of educators. Due to inadequate IT/ICT infrastructure support and connectivity for instructors, this is the case. Professors, meanwhile, are required to improve their research and instruction. This situation demonstrates that the only outcomes for higher education are extinction or transformation. Institutional change management is therefore applicable as a remedy within the framework of the Fourth Industrial Revolution. The modifications of the Fourth Industrial Revolution define digital education, digital business, and digital learning. A correlation exists between talent development in the realm of digital education and the digital economy, as postulated by

circulation theory. Additionally, the knowledge economy paradigm, Virtual education (online learning) is implemented.

Higher education institutions are re-theorizing regarding employment prospects, redesigning curricula that fall short of future demands, evaluating learning strategies (pedagogy) pertinent to the digital age, and selecting the appropriate materials for each study program and course as a result of this research. In addition, for higher education to operate efficiently, learning must be incorporated through the development of systems, academic programs, and teachers. As well as through the coordination, integration, and synchronization of implications in higher education.

5.3. Limitation and Future Research

There are various limitations inherent in this research. This study is subject to restrictions regarding the selection of research subjects. The limitation of this study is attributed to its exclusive focus on one university in Indonesia. Hence, future studies may encompass a broader scope of research subjects, such as conducting comparative analyses across multiple universities or alternative organizations. Furthermore, this study is subject to constraints of the small sample size. Hence, it is recommended to do additional research utilizing a more extensive sample size. The research findings indicate that there exists a distinct correlation between organizational culture and learning capability regarding organizational capability change. This implies that there remains the potential for other variables to exert an impact on organizational capacity. Hence, future investigations may incorporate additional variables such as leadership styles, governmental policies, and other relevant issues.

6. Conclusion

This study generates crucial empirical evidence that learning capability positively influences organizational capability change in higher education, while contextual culture capability does not. The findings have significant practical implications for higher education leaders aiming to improve change readiness by prioritizing faculty development and learning capabilities. Theoretically, the research addresses a clear gap by applying and validating organizational capability perspectives in the academic context. Further studies need to investigate cultural factors inhibiting change, and adopt multi-stakeholder approaches encompassing faculty, students and administration. As the higher education landscape continues to transform globally, developing dynamic capabilities through organizational learning will be critical for universities to achieve world-class status. This study provides a strong foundation for further research on strategic capability development in higher education.

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