SOCIAL INNOVATION IN ISLAMIC PERSPECTIVE: 
A LITERATURE REVIEW

Mufti Agung Wibowo
Student of Doctoral Management Program Sultan Agung Islamic University (UNISSULA), Faculty of Economics, Department of Management, Jl. Raya Kaligawe Km.4 Po.Box. 1054/SM Semarang Indonesia, e-mail: muftiagungw@std.unissula.ac.id

ABSTRACT

This study aims to explore and synthesize new conceptual models that can fill the limitations of previous studies and study gaps between sustainable organizational performance and new learning organizations that rely on the conception of social innovation from an Islamic perspective. This literature review design/approach analyzes Sustainability Organizational Performance and New Learning Organizational literature through peer-reviewed articles and books published in English. The limitations of this study focus on the review of English-language articles. The originality/value of this study examines the social innovation literature from an Islamic perspective. This research contributes to the Sociological Theory, namely Social Innovation in the Islamic perspective based on the New Learning Organization in which could realize sustainable organizational performance and innovative performance.

JEL Classification: D83, H11, O35

Keywords: New Learning Organization, Social innovation, Innovative Performance, Organizational Performance, Islamic Perspective.

1. Introduction

The Dynamic Capabilities Theory in recent years has received increasing attention by management scholars (Barreto 2009), which is referred to the capacity of an organization to create, attach or deny its resource base (Helfat, Mitchell et al. 2007). Dynamic capabilities within the organization are maintained through the process of sensing, responding, and reconfiguring and managing assets, which occur in teams and individuals, while sensing refers to perceiving opportunities before they occur and identifying competition threats (Teece, Peteraf et al. 2016). Form of sensing and how to respond is changing because technology is become a new opportunity in transforming data into information (George, Haas et al. 2014), then reconfigure and managing assets is about combining, configuring, and enhancing company assets at various levels of the organization (Helfat and Peteraf 2015). Innovation Agility is important to reduce complexity and uncertainty, which is important to encourage the emergence of initiatives that encourage organizations to become more agility (Kasali, R. 2018), although efforts to reduce uncertainty are also carried out, which encourages companies to compete and create new innovations.
Social innovation based on Nicholls, Simon et al. (2015) refers to how interpersonal activities must be organized, or social interactions, to meet common goals in generating and implementing new ideas. On the other hand, Westley and Antadze (2010) endless that: the complicated process of introducing new products, programs or processes that deeply change basic routines, resources flow and authority, or social system trust in which innovation occurs, is namely social innovation. Such successful social innovations have endurance and broad impact. Social innovation consisting of concepts and understanding, is needed to overcome social needs and challenges, resources, abilities and constraints, governance, networks, actors and dynamics process (Howaldt, Oej et al. 2016), which in its implementation requires agility.

Agility is defined as diverse in various existing literature (Teece, Peteraf et al. 2016), but conceptual of agility focuses on sensing and the ability to respond to the company (Overby, Bharadwaj et al. 2006), whereas Organization Agility can be divided into two difference dimensions but complementary each other: Sensing Capability (SC) dan Responding Capability (RC) (Overby, Bharadwaj et al. 2006, Rima Zitkiene June 2018), which adopts scale (Kiperska-Moron and Swierczek 2009), where companies can be agility in customer-based processes, interaction of supply chain partners and in daily operations (Roberts and Grover 2012), which has strategic sensitivity, leadership unity, and resource fluidity (Doz 2008).

Strategic capabilities are inseparable from the agility of the organization, based on Teece, Peteraf et al. (2016) that Organizational Agility is defined as a dynamic capabilities in sensing (the ability to identify, develop assessments of technological opportunities and threats related to customer needs) and capture (mobilization of resources to meet needs, capture values and opportunities) as well as transformation (continuing updates or changes). Overby, Bharadwaj et al. (2006) argued that organizational agility is the capability of organizations to sense and respond, that is to feel changes in the environment, opportunities for market competition and developing conditions. Furthermore, Rima Zitkiene (June 2018) stated that organizational agility is the ability to feel and respond. The ability of social innovation is expected to have a role in developing innovative performance that can trigger sustainability organizational performance improvement.

The results of studies from Pedler and Burgoyne (2017) mentioned that, if companies are more performance-oriented, learning is not possible, considering this is defined as a short-term view. While the research of Pokharel and Ok Choi (2015) found a positive relationship between organizational learning and organizational performance. Meanwhile, Huhtala, Sihvonen et al. (2015) found evidence that to achieve high performance, public sector organizations must be more innovative. Whereas in the study of Zhou, Zhou et al. (2017), there is limited literature
that discusses the relationship between dynamic capabilities and different types of innovation, and how the dimensions of innovation can affect organizational performance. Furthermore, Kim, Watkins et al. (2017) argued that knowledge performance and financial performance show the same estimated size of correlation with learning organizations, the results do not support the direct effect of learning organizations on financial performance (organizational performance). Likewise, Kanani (2016) stated that agility is a new method of responding to organizational change and development, but the fact is the lack of organizational ability in rapid penetration of changes in new products (services) and is needed to regulate organizational agility.

2. Literature Review

2.1. Sustainability Organizational Performance

Analyzing and measuring organizational performance has an important role in achieving organizational goals. Assessment in general by assessing through the values of quantitative and qualitative indicators (such as number of clients, costs, and profits). It is very important for organizations to determine the appropriate indicators, in line with the formulation of the goals and activities of the organization carried out (Popova and Sharpanskykh 2010).

The literature reports that competitive advantage results in organizational performance which is influenced by resources. One resource is the ability of innovation, which captures new ideas for organizational performance. Innovation plays as a key-role in improving organizational performance, in terms of generating new idea, rare, valuable and inimitable resources in companies that are difficult to replicate, leading to the enrichment of corporate strategic resources and sustainable competitive advantage as an important aspects for organizational performance (Samad 2012).

The performance and achievement of public sector organizations, according to Azmi and Suradi (2019) were very dependent on the level of innovation, in which the measurement of organizational performance refers to the measurement of organizational achievement. According to Huhtala, Sihvonen et al. (2015) found evidence that innovation is more effective when there is an increase in economic performance, so that to achieve high performance, public sector organizations must be more innovative. On the other hand, Zhou, Zhou et al. (2017) more specifically, the existing literature has not discussed the relationship between dynamic capabilities and different types of innovation, and how different types of innovation can affect organizational performance.
2.2. Innovative Performance

Innovation and organizational learning, according to Nawaz and Koç (2018) were needed in increasing capacity towards sustainable organizational transition. Employee experience and skills influence the integration of new knowledge into organizational processes, leading to innovation and increasing organizational strength by providing the ability to overcome emerging challenges (Asif, Svensson et al. 2011).

Based on Alzuod, Isa et al. (2017), Niosi and McKelvey (2018), innovative performance is an integration of overall organizational performance in an effort to improve and update in different innovative aspects, such as company names, processes, products, services, services and structures. While Khalili, nejadhussein et al. (2013) stated that innovative performance for SMEs is needed to direct them to create new services, products and improve the quality of their goods and services and obtain organizational structure competitively.

Innovative performance is measured based on one indicator, while others focus on several indicators. Innovative performance is analyzed in terms of research and development inputs, patents, adoption of advanced manufacturing technologies and new product innovations. These indicators can be used individually or combined in multi-dimensional settings to measure innovation performance in a widely sense (Musawa and Ahmad 2019).

Hypothesis 1. The innovative performance becomes higher, thus the sustainable organizational performance will improve.

2.3. Social Innovation.

The term of social innovation is not yet known exactly who used it at the first time. There are several opinions including James Coleman in the 1970s who described a new form of social relations and social organization, known as social discovery. James Taylor in the 1970s, known in his analysis of the dynamics of community development in Topeka, Kansas. Max Weber in 1947 in the early 1900s launched the term social discovery. Meanwhile, Stuart Conger in 1973, classified social findings into three differences: the organization of social discovery, social discovery in the form of law, and procedural social discovery. Unforgettable, Peter Drucker in 1987, as a writer who interpreted social change in terms of social innovation, and Michael Mumford in 2002 about innovations introduced by Benjamin Franklin in the 19th century in Philadelphia (Moulaert, MacCallum et al. 2013).

In the meantime, Gabriel Tarde's social theory (1985) is a concept of social innovation based on sociological theory and practice (Howaldt, Oeij et al. 2016). Macro phenomena, for Tarde, such as social structure, systems, and social change, are easily explained, but difficult to
explain, which gives real complexity to micro phenomena. In contrast to Durkheim, who explains the phenomenon from the top down, in terms of facts and social structure. Tarde's contribution to the micro foundation in terms of the sociology of innovation and the development of the concept of social innovation as a mechanism for social change at the micro and meso level (Mayntz 2016). Discovery and imitation for Tarde are two key elements in the concept based on sociological aspects. The invention, through imitation, becomes an innovation, so that discovery and imitation are the key elements in supporting cumulative culture, becoming a specific social fact for the community (Lohmann H 2003).

Types of innovations according to Edwards-Schachter (2018) are divided into ten types, which is technological innovation, product innovation, process innovation, service innovation, business model innovation, disruptive innovation, radical innovation, innovation driven by design, responsibility innovation, and social innovation. Alex Nicholls (2015) said that social innovation refers to how interpersonal activities must be organized, or social interactions, to fulfill common goals in generating and implementing new ideas. Meanwhile, Westley and Antadze (2010) extended that: a complicated process for introducing new products, programs, or new processes that deeply change basic routines, the flow of resources and authority, or the trust of the social system in which innovation occurs, is called social innovation. Such successful social innovations have endurance and broad impact.

Dimensions of social innovation according to Andre and Abreu (2006) included the nature, stimulation, resources and dynamics, agency relationships, creative and innovative means; In the meantime, Nicholls, Simon et al. (2015) stated the dimensions of social innovation include individuals, organizations, networks / movements, and systems; while Souza, Lessa et al. (2019) argued that the dimension of social innovation consists of transformation, novelty, actors, innovation, and process; and Howaldt, Oeij et al. (2016) complements the dimension of social innovation which consists of concepts and understanding, overcoming social needs and challenges, resources, abilities and constraints, governance, networks, actors and dynamically process.

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<th>Authors</th>
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Table 1. Dimension of Social Innovation.
Research on organizational innovation, in which the uniqueness of various types of innovation and their impact on strategy, structure, and performance has been considered (Ettlie 1983, Damanpour 1989, Richard L. Daft 2010). Innovation is a complex construction; various individual, organizational, and contextual factors influence its application. Various innovations affect and often complement each other. A balanced level of adoption of administrative and technical innovations is more effective in helping organizations maintain or improve their level of performance than administrative or technical innovations alone (Honyenuga 2019). Then the proposed hypothesis is as follows:

**Hypothesis 2.** If social innovation is higher, then organizational performance will increase.

Innovative performance, refers to the organization's innovative efforts towards products, processes, and improvement of organizational structure, which according to Quandt and Castilho (2017) that innovative performance is related to the dimensions that provide conditions and enable innovation: strategy, organizational structure, leadership, networking, culture, processes, people, relationships, technology infrastructure, measurement, and learning. However, it must be considered that innovation is included in the context and is subject to the influence of complex and dynamic factors. Among them, there is a high focus on the importance of relationships with external agents (Souza, Antunes et al. 2019).

The government increasingly engages private sector organizations, civil society, and citizens to overcome complex policy challenges through several forms of network governance arrangements. The governance network in general facilitates flexibility, speed, and innovation in governance, is needed to regulate intelligent communities in a meaningful manner.
characterized by many programs that cover policy areas and government levels (Krucken and Meroni 2006, Ojo and Mellouli 2018).

Towards organizations that want to survive and develop, speed and innovation are very important; in various sectors, there are calls for organizational agility. Agility in question is the capacity of organizations to feel, respond, adapt quickly, and develop in a changing environment (Holbeche 2018). Therefore, the proposed hypothesis is as follows:

**Hypothesis 3.** If social innovation is higher, innovative performance will increase.

### 2.4. New Learning Organization

New Learning Organizations (known as Sensuous Learning Organizations) not only overcome professional disability, but also promote quality (Antonacopoulou and Taylor 2019). New Organizational Learning is played in response to VUCA (Volatility, Uncertainty, Complexity and Ambiguity) (Bennett and Lemoine 2014), conditions with the VUCA approach for organizations with high agility, innovation and leadership learning that encourage institutional reflection.

Although learning remains an active process that reshapes both knowing and responding, dexterity is an ongoing adaptation to action. Sensuous Organizational Learning (reflected in values - attention, alertness, awareness, appreciation, anticipation, harmony, activation and dexterity), as an inseparable step to meet the conditions of VUCA, side by side and embrace crisis in learning to determine the direction of action (Antonacopoulou and Sheaffer 2014).

Another view of organizations, in responding to VUCA, organizations are formed and built to be able to accept ambiguity, as in a goal-oriented social system, different parts can follow different decisions and also conflicting goals. However, in an organization a good balance is needed between order and disorder, otherwise they become depressed or mental disorders that can cause delusions, thinking disorders, and changes in behavior and lack of innovation or efficiency (Mack and Khare 2016).

Innovation and organizational learning, based on Nawaz and Koç (2018) are needed in increasing capacity towards a sustainable organizational transition. Employee experience and skills influence the integration of new knowledge into organizational processes, which leads to innovation and increased organizational strength by providing the ability to overcome emerging challenges (Asif, Svensson et al. 2011). Thus, the proposed hypothesis is as follows:

**Hypothesis 4.** If the new learning organization is higher, social innovation will also increase.
2.5. Innovation in Islam Perspectives

In the Islamic view, propositions related to this innovation are found in the Qur'an. Ar-Ra'd (13): 11, "... Verily Allah does not change the condition of a people so that they change the conditions that exist in themselves ..." (Surah ar-Ra'd: 11). This means that humans must effort to change their own circumstances for the better, one of them through renewal or innovation.

In another verse, inspiration is also present in the story of Noah in the Qur'an Hud: 37, which was ordered to build a ship so that it can be used to save themselves when flood hits, while it has never happened. There and know the methods and forms beforehand. "And make the ark with our supervision and guidance of revelation, and help you understand with me about the wrongdoers. They will surely drown." (Qur'an, verse 37).

Allah also encourages people to think about producing something new and innovative, including services. There are many verses in the Qur'an that encourage creative and innovative thinking using the phrase "afalaa ta'qiluun, or afala tatafakaruun ..." and many more. "Why do you tell others (kindness), while you forget yourself, even though you read the Book (the Taurat)? Don't you think?" (Surah Al-Baqarah, Verse 44).

Allah will guarantee the survival of His servants. This guarantee only applies to the servants of God who always deliver, namely moving, active, agile, dynamic, creative and innovative, as in Al-Qur'an Surah Al-Jumu'ah verse 10, "When the prayer is over, then spread you to earth, and seek the gift of Allah and remember Allah so much that you are lucky. "Likewise in surah Hud 11: 6 which means: "And there are no beasts on earth, but God is the one giving livelihood (rizq)."

In social terms, previous research might have been fulfilled by a Western perspective (Mulyaningsih and Ramadani 2017). From an Islamic perspective, a Muslim's business activities must be focused primarily on getting the pleasure of Allah SWT, who runs a business that is consistent with the moral and ethical standards of Islamic practice, fulfills one's religious obligations, and contributes to the overall goal of Islam to benefit the people (Hassan and Hippler 2014). The term Islam was adopted from a special unit of analysis of social enterprises that have Islamic norms, such as sharia or religion-based rules. According to Noruzi, Sariolghalam et al. (2010), the basic concept of entrepreneurship in Islam is based on partnership and participation relations (mutual cooperation), altism and good intentions, which are based on the values of unity (monotheism), guardianship (khilafah) and worship (worship)) which will be carried out for the sake of social justice and public interest (Mulyaningsih and Ramadani 2017), which have an impact on improving the economy and education of the people.
Figure 1. Conceptual model of Social Innovation (by author)

3. Data and Methods

3.1. Sample

This study used a sample collection method with a purposive sampling technique, with a sample population in the Provincial and District Health Offices in Central Java. While the number of samples (sample size) refers to the opinion of Hair et al (1996), with a total sample of 200 respondents.

3.2. Measurement of Variable

Variables in this study include institutional reflexivity, organizing high agility, learner leadership, social innovation, innovation performance and sustainable organizational performance. Measurements (indicators) of each variable in Table 3.1.

Table 3.1: Measurement of variable

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4 **Institutional reflexivity**
Defined as an institutional phenomenon related to organizational learning.
- Competence reflexivity with character and heart.
- Intensity.
- Integrity.

Antonacopoulou, Moldjord et al. (2019).

5 **Organizing high agility**
Embracing VUCA conditions (Volatility, uncertainty, complexity, and Ambiguity), as a force that turns confusion into curiosity, confidence to explore, openness, and respond.
- Diffuse a sense of vulnerability or self-awareness.
- Responsibility.
- Accountability.

Antonacopoulou, Moldjord et al. (2019); Antonacopoulou and Sheaffer (2014).

6 **Learner leadership**
A sustainable growth process that aligns the needs of individuals, society and organizations in context (sector and national) and related to social, political and environmental conditions.
- Reflects the bravery, commitment, self-confidence, and curiosity of the unknown.
- Learn to be open.
- Learn to feel safe because you are vulnerable.
- Learn from experiences.

Antonacopoulou, Moldjord et al. (2019); Antonacopoulou (2018); Pfeffermann (2019).

**Result**
This study explores and contributes to the Sociological Theory, namely social innovation from the Islamic perspective, based on New Learning Organizations in which could realize sustainable organizational performance and innovative performance. There are a number of limitations and gap frameworks, testing conceptual models and reviewing a variety of literature that can be an opportunity for future research.

**Reference**
Antonacopoulou, E. P. and Z. Sheaffer (2014). "Learning in Crisis RETHINKING ORGANISATIONAL LEARNING IN RELATION TO CRISIS MANAGEMENT."


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By: Mufti Agung Wibowo
Email: muftiagungw@std.unissula.ac.id
Strategic Management Concentration
Student of Doctoral Management Program Sultan Agung Islamic University (UNISSULA),
Faculty of Economics, Department of Management, Semarang

Semarang, July 30, 2020
Promotor

Prof. Dr. Widodo, SE. M.Si
NIDN.0608026502