Organızatıonal Development And Transformatıonal Change:An Organızatıonal Innovatıon Sustaınabılıty

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Abstract

Knowledge and study of the effect of team work on organizational innovation is still developing and becoming a current issue. This paper aims to explain how Muhammadiyah is a movement of Islamic organizations in today's turbulent business environment, with the work team's efforts having undergone organizational development and transformation as a continuous and progressive organizational innovation. The existence of the organization since its inception, which is committed to the development of education, health and literacy has responded to the challenges of the current era. With the growing number of schools from kindergartens to high schools, colleges, health services and hospitals, recently Muhammadiyah has carried out organizational development and transformational change with the implementation of business units so that it becomes a Muhammadiyah-Owned Enterprise (MOE). This research used a qualitative approach by investigating 6 Muhammadiyah-Owned Enterprises. The companies studied are presented and discussed with changes experienced by each organization

Keywords: Organizational development, Transformational change, Organizational Innovation, Service business, Muhammadiyah-Owned Enterprises

1 Introduction:

Competition in the service business and increasing customer expectations drive an organization not only in developing new products, but also in the ability to quickly adopt new technologies and to continually improve production methods and procedures that seem very important to the organization (Fay et al. 2015). Innovation is a process that involves new management practices, new organizations, new marketing concepts, and new company strategies (Camisón and Villar-López 2014). The role and importance of the types of innovations vary along the value chain, which shows that external conditions and internal characteristics that motivate generation and adoption of one type of innovation can differ from the other types. The complexity of organizational innovation research requires the identification of proficiency in the dimensions of innovation related to this research. Organizational innovation refers to the studies of innovation in organizations, including both business and public organizations (Damanpour et al. 2018; Vanhala and Ritala 2016).

Muhammadiyah is one of the largest Islamic organizations in Indonesia, is an organizational phenomenon that has the power of an modern organizational system movement with its movement in various fields of service business. Until present, Muhammadiyah has grown in Thailand, Mauritius and Singapore. In addition, Muhammadiyah has had special branch leadership in England, Netherlands, United States, Tunisia, Egypt, Russia, Japan, Iran, and so on. Muhammadiyah's real work was pioneered by Ahmad Dahlan by establishing three main pillars of services, namely: 1) the field of education, by establishing a modern Islamic school (1911), 2) in the social health sector, by establishing a hospital which was named "public misery helper" (1923), and 3) for literacy and knowledge needs, a library was established (1915). Muhammadiyah underwent a very rapid organizational development, until now Muhammadiyah in the age of 1 century, has established various types of charity business, which is called the Muhammadiyah Charity Business (Ahmad 2015; Nashir 2010). Muhammadiyah Charity Business (MCB) is the spirit of the Muhammadiyah missionary struggle in the life of a progressive society, which aims to realize the genuine Islamic community. The concept of charity is interpreted broadly as a material and spiritual, mundane and *ukhrawi* dimension, which is a real human act in the world accompanied by faith as a shift.

Therefore, the charity in Muhammadiyah is concrete, namely in realizing Islam as a teaching in life must be real, so that it is called a charity of business.

Muhammadiyah Charity Business consists of: 1) charity of business in educational field; 2) charity of business in health field, 3) charity of business in humanity field, 4) charity of business in economic field, 5) charity of business Aisyiyah, and the three newest movements Muhammadiyah namely: 6) Disaster Management Center (Bush 2015), 7) Community Empowerment Assembly, 8) Institutions of Zakat Infaq and Shadaqah Muhammadiyah (LAZISMU) which has reached 25,967 institutions (10,452 institutions in 2015). The charity of business is a real form of devotion and worship to the Most Holy and Most High God (Syamsudin 2015). Accordingly for Muhammadiyah, worship is always accompanied by an invitation to do good deeds. The manifestation of good deeds are diverse, one of which is MCB. This is the gap in business phenomena that distinguishes the efforts carried out by Muhammadiyah with other companies. According to the Muhammadiyah perspective that all efforts carried out lead to the realization of the intent and purpose of the company (persyarikatan), all businesses belonging to the company, by developing all efforts to excel in all good (fastabiq al khairat) in order to meet the demands of society and time.

This article explores specifically on charity of business in economic field, which have experienced organizational development and transformational change into a service business, which is expected to be the spearhead of the Muhammadiyah Economic and Entrepreneurship Assembly, namely Muhammadiyah Owned Enterprises.

2 Literature Review

2.1   Organizational Development

The Studies on organizational development and change are always become interesting topics, because organizations will always develop and change in accordance with technological advances, market demands, and the existence of globalization. The change in environment requires organizations to change quickly in order to survive (Rafferty et al. 2013). Hoobler et al. (2014) explained that organizational development is an experience, skill, or education obtained by individuals, which is then used when doing work and when considered for future career opportunities. Those who have the opportunity to learn new skills and get sponsors from other stronger people must reap the rewards of the investment for the organization and for themselves.

In Muhammadiyah, organizational development is aimed at the development of "the main community" which are intended for "ummah" (Rahardjo 1992). This refers to the Qur'an Surah Ali Imran (3): 104 and 110, which explains the superior society is a society that has 3 (three) qualities, namely: 1) enforcing the right (humanization), 2) preventing the evil (liberation), and believe in Allah (transcendence). To realize the main community with two approaches, namely: idealistic normative individual approaches and social approaches (Baidhawy 2014).

In an idealistic normative individual approach, the community is a collection of individuals who live together. Individuals as the main subject for building society (Rana and Malik 2017). The main community will be realized if the individuals in collectivity have the main person as well. In reaching the main individual, it is necessary to develop the belief that individuals as *mukallaf* are in the same position before God. The Differences in knowledge, experience, and roles in organizations are not the basis of the legitimacy of one's primacy over others. Wealth that is owned by someone will be meaningful in life if practiced in real life for humanity as good deeds and commendable behavior (*akhlaqul karimah*). Consequently that in Muhammadiyah organizational leadership is built to support the function of leadership in general, which serves as the central role of *uswah hasanah* (good example), both of

attitudes, actions, and behavior. The main community will be built starting from the person, family, group, leader and then having an impact on the general public.

Social approach is an understanding where the community serves as a forum to achieve the goals that are aspired. Understanding and shared awareness about the primacy of the direction of goals, systems implemented and social order developed so that situations and conditions are primary. The social approach is based on the reality that society is a large family that helps each other, in accordance with the Qur'an Surah Al-'Asr (103): 2-3, both individually and in groups. Therefore, to stimulate awareness that the community as a large family, it is necessary to develop *uswah hasanah* projects as a shared responsibility, especially: educational institutions, health institutions, social institutions, cultural institutions, political institutions, economic institutions, and so on according to era development.

2.2   Transformational Change

Transformational change for organizations is very challenging and requires a lot of resources. According to Henderson (2002), Human Resource Development (Dizgah et al.) is responsible in four areas: 1) HRD guides management in defining change initiatives as transactional or transformational; 2) Fostering management and organizational members in critical thinking skills within the organization and facilitating the introduction of group processes such as action learning; 3) The need for cultural change which is an integral component of transformational change efforts in organizations. HRD must assist the management to assess the current culture and determine what elements must be changed to align it with the company's new strategic direction; 4) For most organizations, diversity is the beginning of transformative learning at the individual level and transformational change at the organizational level. HRD must enable organizations, both at the individual and organizational level, to reflect critically on what it means to respect differences and to integrate respect for diversity into organizational culture. The explanation above directs that in order to be able to carry out transformational change in organizations, transformative learning is needed at the individual level.

What does transformational change mean? Henderson (2002) explained that transformational change is an overall change that results in changes in each of its members, where norms, organizational culture, individual behavior are the effects of the consequences of system changes. However, Burke and Litwin (1992) said that the target for change is the organization (total system), not necessarily individual members. Individual changes are usually a consequence of system changes. When a norm, the dimensions of organizational culture, are changed, individual behavior is changed by new adjustment patterns.

From the individual side, according to the Theory of Transformative Learning there are three things that are important to note. First, individual critical reflection is very important for a transformative process because it allows one to change perspective and be open to change and personal growth. Second, unlike transformational change theory, transformative learning theory focuses on individual level change. This focus is based on adult learning theory and psychological development theory; both are centered on individual growth and maturation and view organizations as contexts for change, not targets of transformational processes. Argyris and Schön (1997) revealed that learning and change must begin with individuals, then spread to the organization. Third, by focusing on individuals, the organization can provide a broad and detailed description of the characteristics of the transformed individual (Batara et al. 2017; Qamari et al. 2019).

The transformational change efforts undertaken by the Economic and Entrepreneurship Assembly are with national economic development and Muhammadiyah economic empowerment. Some of the efforts made are: 1) implementing economic development with sustainable management; 2) facing the era of the Asean Economic Community, always consolidating, collaborating and networking with various parties in creating an entrepreneurial climate in Indonesia; 3) encouraging the national economy to mobilize the real

sector in the community, Muhammadiyah has done so with the presence of the Baitul Tanwil Muhammadiyah (BTM) whose legal entity is cooperatives spread in various regions; 4) encouraging all Muhammadiyah citizens at the district, regional and branch levels to take advantage of opportunities for regulations (UU No. 6, 2014) on Village Law that create entrepreneurship in the village, and create rural-based agro-industrial villages; 5) encouraging Muhammadiyah's economic strength from the great economic potential of Muhammadiyah from upstream and downstream. Accordingly the Economic and Entrepreneurship Assembly will collaborate with other assemblies in Muhammadiyah in coordination and make clear formats. So that all economic potential of Muhammadiyah can be integrated with accountability.

2.3   Muhammadiyah Owned Enterprises

Muhammadiyah-Owned Enterprises (MOE), is an institutionalized economic effort that was established and owned by Muhammadiyah. MOE has several forms of business entities, namely cooperatives, a Sharia Community Financing Bank, Baitut Tamwil Muhammadiyah (BTM), Baitul Maal wat Tamwil (BMT), and Limited Company. MOE which is a capital alliance, established on the basis of an agreement, conducts business activities with basic capital which is entirely divided into shares, of which at least 5% is owned by Muhammadiyah as a legal entity (Central Board of Muhammadiyah Guidelines, 2017). The purpose of MOE was to realize the economic independence of the ummah in achieving the purposes and objectives of the community.

Under the coordination of the Economic and Entrepreneurship Assembly, Muhammadiyah developed the organization and made transformational changes to existing businesses. Organizational development that has been implemented, in the form of development and quality improvement. The achievement of this program is an increase in the number of cooperatives as many as 334 cooperatives, a Sharia Community Financing Bank of 23 banks, and Baitut Tamwil Muhammadiyah (BTM) and Baitul Maal wat Tamwil (BMT) of 263 institutions, spread throughout Indonesia (Baidhawy and Khoirudin 2017).

Other forms of business incorporated are businesses that have been initiated with the form of a limited company (LC) which is engaged in the service business. The service business is developed in the form of sharia financing services, logistics, outsourcing, umrah and hajj plus, publishing, printing, magazines, training, building and shop rentals, fleet rentals, autocare, pharmacies, health service clinics, public refueling stations (gas stations), hotels, and super markets. All Muhammadiyah businesses are not purely engaged in pursuing business, but businesses that have implications for the welfare of members and the welfare of the people, whose ownership belongs to the Muhammadiyah Central Leadership. The business entity is a manifestation of the movement in the Economic and Entrepreneurship Assembly of the Central Board of Muhammadiyah.

The expectation of the Economic and Entrepreneurship Assembly, Central Board of Muhammadiyah for MOE is to continue to pioneer leadership in aspects of life and the welfare of the community. In The Education Assembly, there were 4,623 kindergartens (TK/TPQ), 2,604 elementary schools (SD/MI), 1722 middle schools (SMP/MTS), 1,291 high schools (SMA/MA), 160 Islamic boarding schools, and 177 colleges. The Health Assembly has established hospitals, maternity homes, maternal and child health centers, examination centers with a total of 2,119 institutions. Therefore, towards economic pioneering, the Economic and Entrepreneurship Council seeks to develop MOE, develop cooperatives, and develop businesses belonging to Muhammadiyah members, including BUEKA business groups (Aisyiyah Family Economic Business Development), which is used as a symbol of the movement of the Economic and Entrepreneurship Assembly.

2.4   Fostering Transformative Learning Towards Transformational Change

Transformative learning is pioneered by Mezirow (1994). Transformative learning is rooted in constructivist learning theory, which argues that "learning is a process of building meaning", It is about how people understand their experiences (Merriam 2005). What happens to someone is seen as less important than how they interpret and explain what happened. These interpretations and explanations determine their actions, their emotional well-being, and their appearance.

Some change theorists discuss with the assumption that, by changing the structure, work processes, and climate in an organization, one can influence change in individuals. But is this approach enough to facilitate transformational change? Theories that view change begin with individuals who present a more comprehensive and in-depth view of the phenomenon of change in the organization. A view that states that to achieve transformative change in organizations and move to higher levels of performance, these individuals must be in harmony with new structures, work processes, and organizational culture. However, how do individuals adapt, commit, and grow in an environment of uninterrupted change? The concept of learning is based on adult learning, which is a critical reflection that can be seen in the context of broader organizational changes that depend on the transformation of individuals and organizations. With a discussion of action learning that shows how reflection and learning (Watkins and Kim 2018), both at the individual and group level can encourage real learning and real change in an organization.

Transformative learning in Muhammadiyah is guided in a Muhammadiyah Citizens' Islamic Life Guidelines, namely a set of Islamic values and norms sourced from the Qur'an and Sunnah to be used as a guide in behaving Muhammadiyah citizens in daily life. The hope of implementing this guideline is the realization of the true Islamic community. The purpose of the formation of the Muhammadiyah Citizens' Islamic Life Guidelines is the formation of individual and collective behavior of all Muhammadiyah members who show good example (*uswah hasanah*) towards the true Islamic community.

The real manifestation of Muhammadiyah's existence that can be directly felt by the community is the existence of MCB. All forms of MCB activities must lead to the implementation of the intent and purpose of the company. All leaders and managers of the MCB are obliged to carry out the main mission of Muhammadiyah to the best of their ability. The leader of MCB is a member of Muhammadiyah who has certain expertise in the field of charity business he leads, membership status and commitment to the Muhammadiyah mission is very important because the concerned must understand precisely the functions of charity business, not merely as a source of income so less concerned with tasks and corporate interests (Muchlas 2015). Some of the obligations that are the responsibility of the MCB Leader are: 1) comply with company policies and always strive to improve and develop MCB which is their responsibility sincerely, 2) make a charity business owned not personally, obliged to report the management of charity business as a responsibility, especially in terms of finance / wealth for corporate leadership and willing to be audited and obtain supervision, 3) prioritizing business profit leaders who generate profits, have the right to earn a living (in accordance with applicable regulations) accompanied by a trustworthy and fair attitude, 4) create an atmosphere of Islamic life and as a role model in da'wah and a model for people's lives.

MCB Employees are Muhammadiyah members or members who work according to particular expertise and professionalism. Employees who are also citizens of Muhammadiyah are expected to have a sense of belonging and loyalty to nurture and develop business charity as a form of devotion to God and doing good to others. Employees at MCB have the right to obtain welfare and feasibility by not being trapped in dissatisfaction, losing gratitude, neglecting obligations and being overly.

The leaders and employees or managers of MCB are obliged to show self-exemplary, serve and respect others, and have high social care as a reflection of ihsan, sincerity and worship. In addition, it fosters friendship and harmonious social relations (brotherhood and compassion) without reducing the firmness and upholding of the system in the implementation of charity business. In everyday life, carrying out

activities that strengthen and increase *taqarrub* to Allah, enrich spiritual and moral glory through recitation, tadarus and study of the Qur'an and the Sunnah, and perform worship and other muamalah which are firmly embedded and united in all activities of Muhammadiyah Charity Business.

Transformative learning will occur when good things become habits in the organization, such as the leadership of Muhammadiyah leaders, reminding each other in kindness, preventing something that is mistake (*munkar)*, and interacting positively that results in organizational creativity and innovation (Bachkirov and AlAbri 2016). So far Muhammadiyah has explored creative ideas that have resulted in organizational changes, including the realization of MOE in the presence of a number decree: 04/PED/l.0/B/2017 about MOE. This needs to be done so that in the future there will be a guide in managing MCB. MOE are a field of responsibility under the Economic and Entrepreneurship Assembly.

The change in the organization is the implementation of a reformed thinking formula at the Economic and Entrepreneurship Assembly, namely: 1) developing Muhammadiyah Owned Enterprises that present the strength of Muhammadiyah organizations, 2) developing cooperatives for Muhammadiyah members, 3) empowering Muhammadiyah members in the economic sector by developing businesses belongs to Muhammadiyah members.

2.5 The Role of the University in Organizational Development and Transformational Change in Muhammadiyah

The organizational development and transformational change that took place at Muhammadiyah were the effects of advances experienced over a century. The number of modern charity business that are owned, and prominent university leaders in Indonesia who are leaders and determine the direction of policy that must be taken, namely sharpening/renewing the application of the educational process that develops the potential for excellence. The spirit of renewal in the strategic field with "holistic-transformative education" which is an important character in Muhammadiyah, with characteristics (Zamroni 2014): 1) provide opportunities for members to develop as a whole, 2) implementing collaboration of formal, non-formal, and family processes, 3) integrating between theory, practice, and what happens in society, 4) emphasize optimal self and group development, 5) participative.

In addition, if at the beginning of the establishment of the Muhammadiyah until the 50s decade it was dominated by merchants and scholars, the trend of modernizing education in Muhammadiyah had given birth to educated people. The shift in the perspective of social honor from the merchants to the status of employment and one's position in strategic positions in government and private departments is a very significant change. As result the majority of the Muhammadiyah Central Leadership elite is now more colored by civil servants and academics, for example Ahmad Azhar Basyir (Gadjah Mada University), Amien Rais (Gadjah Mada University), Ahmad Syafii Ma'arif (Yogyakarta State University), Din Syamsuddin (Syarif Hidayatullah State Islamic University Jakarta), Haedar Nashir (Universitas Muhammadiyah Yogyakarta). This is the real role of academic figures from various universities in Indonesia who have developed Muhammadiyah.

3 Methodology

3.1 Data

The type of data used in this study is qualitative data, including documentation about changes that occurred in six companies as the object of this research. This study investigated 6 companies recommended by Muhammadiyah Regional Leaders. The six companies are PT Bank Perkreditan Syari'ah Bangun Drajat Warga, PT Bummy Harapan Ummat, PT Surya Citra Madani, PT Grama Surya, PT Syarikat Cahaya Media, and PT Umat Mandiri Berkemajuan.

3.2   Research Method

The object of this research is MOE in the form of Limited Companies, located in Yogyakarta Indonesia. The methods used are: 1) library pursuance and documentation, 2) interviews were conducted with 1 director and 3 managers who were aware of the process of change taking place in the company that was willing to be interviewed. The interview results are documented and described as long as the researcher knows, which is supplemented with information from company documents. Qualitative analysis in this study was conducted by observing what happened and analyzing changes experienced by business units in the Muhammadiyah environment. The results of interviews and research findings are discussed in section of discussion.

4 Result And Discussion

In understanding a change and innovation in an organization, it leads to questions that always arise, namely the reason why an organization must change and innovate in its business journey. Every businessman realizes that the environment will always change and be dynamic along with the changes that occur around it. The theory of change focuses on how change can be brought into an organization and can be managed properly so as to provide benefits to all stakeholders. Weick and Quinn (1999) distinguish change in an organization based on time, which is defined as the average difference, and rhythm or pattern of work/activity. They distinguish it in terms of episodic change that is non-repetitive, unsustainable, and only happens at any time, and continuous change that is happening at any time, growing, and cumulative. An explanation of organizational change and development cannot always be generalized, in the sense that a concept of change in an organization does not necessarily apply to other organizations. Characteristics of each organization that determines the direction of change that will be undertaken by the organization concerned. It always raises questions, for example, what is the best approach in conducting a study of the change and development of an organization.

MOE has been voiced since the 1990s. The background of the establishment of each company is different, because of the needs and demands of the community for the type of service expected. Organizational changes that occur in each company are also different, both from internal and external encouragement of the company. Every change that occurs is documented and is the subject of this study.

However, during the journey of the existence of MOE, the Economic and Entrepreneurship Assembly has succeeded proactively by encouraging the development of business units in the Muhammadiyah environment. Some of the results from this study can be presented as follows: *Firstly*, PT Bank Perkreditan Rakyat Syari'ah Bangun Drajat Warga (PT BPRS BDW). was established at the initiative of the Economic Assembly, the Muhammadiyah Regional Leaders of Yogyakarta to form a financial institution based on Sharia Islamiyah. At that time, some Muhammadiyah residents still considered that financial institutions (banks) with an interest system were still punished *musytabihat* (misdoubt). This condition is the starting point for pioneering the establishment of Islamic finance institutions. It was approved on February 2, 1994. With the Law of the Republic of Indonesia No. 21 2008 concerning Sharia banking, the word "credit" was changed to "financing", so that the name PT BPRS BDW changed to PT Bank Pembiayaan Rakyat Syariah Bangun Drajat Warga.

Secondly, PT Bummy Harapan Ummat, which has been established since November 28, 1997, is a company that runs its business activities in the form of: procurement of goods, construction, trade and the agricultural sector. In 2000, he ran a culinary business and fish-based food products which were given the icon Jogja Fish Market. On its way to experiencing ups and downs of business to leave enough material obligations to third parties. In 2014, the company changed the composition of the board of commissioners and board of directors as well as management changes. The company's activities shifted to LPG distribution agencies, outsourcing, trading, and culinary.

Thirdly, PT Surya Citra Madani is a company engaged in the services of coaching, guiding, counseling and lighting for the community of prospective pilgrims special hajj, umrah, and religious tourism (pilgrimage) according to the guidance of the Prophet Muhammad *sallallaahu 'alaihi wasallam* without additions and changes as believed to be Muhammadiyah. This company has been active since 2014, but it was only inaugurated in 2018. The background of the establishment aims to uphold da'wah through the organization of special hajj, umrah, and religious tourism (pilgrimage).

Fourthly, PT Grama Surya is a printing, publishing, and other type of business, which stands with the spirit and mandate of the Muhammadiyah One-Century Congress in 2010 in Yogyakarta. The existence of PT Grama Surya because of the very urgent need and a lot of printing in the implementation of the conference, so it was realized that the business potential of the printing field is a strategic function in the fulfillment of printing and publishing in the Muhammadiyah environment.

Fifthly, PT Syarikat Cahaya Media which produced Suara Muhammadiyah magazine, which became the main mouthpiece of Persyarikatan Muhammadiyah. It was first published in 1915 as a monthly magazine, with a Javanese edition under the management of the Taman Pustaka Section "Hoofdbestuur" Muhammadiyah Yogyakarta. When it has been a century old, it has undergone a change of organization managed by Muhammadiyah young cadres with a weekly publication and carries the motto "Strengthening and Enlightening". Corporation PT Syarikat Cahaya Media already has subsidiaries, namely: Suara Muhammadiyah Magazine, Suara Muhammadiyah Shop, Suara Muhammadiyah Publishing, and Suara Muhammadiyah Event Organizing and Advertising.

Sixthly, UMY Multi Amal Usaha Terpadu (UMAT), which began in 2010, initiated to create a Holding Company which aims to earn income outside of the study costs (income generating), with one accreditation form which states that the college must have business unit, so that university income does not only come from the study costs, but also can be sourced from outside the cost of study. In that year, UMY began by renting the Sportorium Building which was previously used for the holding of the 1 Century Muhammadiyah Conference (100 years) in Yogyakarta. Building Rental is increasingly developing so that it is expanded by leasing buildings in the KH Ahmad Dahlan Mosque hall (ground floor). In 2013, the UMAT Business Unit grew further by adding UMY Boga which is a business unit in canteen and culinary services. Due to the increasing number of business units under the UMAT, then in 2017, the UMAT was established under the name of PT UMB (UMAT Mandiri Berkemajuan), in which 51% of Muhammadiyah Center's shares and 49% share ownership of UMY. At present, there are 13 Business Units under UMAT, namely: 1) Building Rental (Sportorium and Ahmad Dahlan); 2) Rental (bus and car fleet); 3) Mentari Villa Rental; 4) Autocare; 5) UMY Boga; 6) UMY Tirta; 7) Shops and Canteen Rentals; 8) BMT UMY; 9) Training Center Center; 10) LTCC; 11) Firdaus Clinic; 12) UMY Pharmacy; 13) Photocopy. Until now PT UMB is in the process of setting up a dormitory, Child Care Center (TPA), Worldwide Young Canteen and Coffee UMY.

Some of the companies discussed above are all located in Yogyakarta, Indonesia. Actually there are still many MOE in other cities in Indonesia. However, this study was only conducted in Yogyakarta. From the explanation of the results of this study, it can be stated that the changes that occur in MOE are continuous changes that is happening at any time, growing, and cumulative.

To create a culture of development, the role of senior and middle management is needed (Chanland and Murphy 2018) by way of: support leaders to encourage targeted initiation; imitating role models by managers and senior executives; instill diversity and relational learning as values in the organization, structure and system, the need for a performance management system (by evaluating developers); initiating learning with diverse people as criteria for promotion, setting criteria in succession planning includes a variety of styles and perspectives to make diverse candidate groups, explore formal and

informal relational learning, conduct cultural audits to evaluate the extent to which relational learning is valued and develops networks.

5 Conclusion

Organizational development in Muhammadiyah-owned enterprises is aimed at developing "the main communities" aimed at the welfare of the people. The superior quality of society is the people who have 3 (three) qualities, namely: 1) upholding the right (humanization), 2) preventing all things that are prohibited (liberation), and 3) believing in Allah (transcendence). The main community is formed with two approaches, namely: idealistic normative individual approaches and social approaches.

Transformational changes made by the Economic and Entrepreneurship Assembly of Central Board of Muhammadiyah are with national economic development and Muhammadiyah economic empowerment. Some of the efforts made are: 1) implementing economic development with sustainable management; 2) facing the era of the Asean Economic Community, always consolidating, collaborating and networking with various parties in creating an entrepreneurial climate in Indonesia; 3) encouraging the national economy to mobilize the real sector in the community, Muhammadiyah has done so with the presence of the Baitul Tanwil Muhammadiyah (BTM) whose legal entity is cooperatives spread in various regions; 4) encouraging all Muhammadiyah citizens at the district, regional and branch levels to take advantage of opportunities for regulations (UU No. 6, 2014) on Village Law that create entrepreneurship in the village, and create rural-based agro-industrial villages; 5) encouraging Muhammadiyah's economic strength from the great economic potential of Muhammadiyah from upstream and downstream. Accordingly the Economic and Entrepreneurship Assembly will collaborate with other assemblies in Muhammadiyah in coordination and make clear formats. So that all economic potential of Muhammadiyah can be integrated with accountability.

The purpose of the establishment of MOE is the realization of the economic independence of the *ummah* (the society) in achieving the purposes and objectives of the community. MOE is a capital alliance, established based on an agreement, conducting business activities with authorized capital which are all divided into shares in which at least 5% of shares are owned by Muhammadiyah as a legal entity.

6 Acknowledments

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