

## CHAPTER V

### CLOSING

This chapter provides conclusion from finding and discussion presented on the previous chapter, followed by assessment of the potential limitation is study, implication and possible future directions for the research.

#### 5.1 Conclusion of the Research

The purpose of this research is to find out the relationship between transformational leadership and organizational innovation with organizational culture as the mediator in handicraft industries in West Sumatra. This research also finds out whether variable have significant relationship and positive effect or not. This research is using primary data collected by spreading 180 questionnaires to the owners of the handicraft industries. There were four hypotheses developed in this research to test whether each variable will affect the organizations. Therefore, the result of the analyses are:

1. Transformational leadership has positive relationship with organizational culture. The higher level of transformational leadership indicates the higher level of organizational culture in handicraft industries.
2. Organizational culture has positive relationship with organizational innovation. The higher level of organizational culture indicates the higher level of organization innovation in handicraft industries.
3. Transformational leadership has positive relationship with organizational innovation. The higher level of transformational

leadership indicates the higher level of organizational innovation in handicraft industries.

4. Organizational culture mediates the relationship between transformational leadership and organizational innovation. Which lead to higher change to increase transformational leadership and organizational innovation in handicraft industries by combining those three variables in day to day organization.

## 5.2 Implication of the Research

Based on the phenomenon faced by the handicraft sectors. The researcher came out with several implications for researcher, practitioners and the owner of the organizations.

1. For researcher, this research is for improving the understanding about transformational leadership, organizational culture and organizational innovation. The correlation between each variable other towards SMEs especially in Handicraft sectors.
2. For practitioners, this research, this research could be used as a source of information in order to understand the relationship between those variables and how it can link to the object of the research.
3. Owners of handicraft industry could use it as basic information in order to enhance the organization competitiveness and performance to compete with other competitors. By combining all the variables and applying it into the real day to day organization. The owner will be able to get the benefit,



such as the customer of the organization will be able receive the best service given by the employees, the employees will also obtain an experience that they will never get in the other organization. Also, the organization will be able to improve the working practices.

### 5.3 Limitations of the Research

Researcher found some limitations when conducting this research. Some of the limitations are as follows:

1. This research has limitation of bias responses given by the respondents. Some of the respondents did not want to share their real thought of how the organizations is running. And they might give answers to the questionnaire that is not representing the current situations.
2. This research only uses handicraft sector in West Sumatra as the object of the research. It doesn't represent the whole nation of Indonesia. Other sector could be used on the other research.
3. This research only used three variables to conduct the research. Which are transformational leadership, organizational culture and organizational innovation. Organizational culture as the mediator in this research
4. Questionnaire of leadership style used in the organization should be asked to the employee.

## 5.4 Recommendation of the Research

1. For next researcher who want to conduct similar research, the number of samples could be multiplied. To avoid biases of the owner of leadership style that they organization used, the researcher has to make sure everything is under control, also how to prevent if there is any bias answer from the owner of the organization by re-check to the employees.
2. For next research, the researcher could use other part of Sumatra and other sector other than handicraft industries. Sumatra island as the object of the research. So, it able to represent the whole Sumatra island.
3. For next research, the researcher could use other variables or augmenting other variables with the current variable. Also, the next researcher could use other mediator other than organizational culture.
4. For future surveys of leadership questionnaire can be designed in a way that is asked directly to employees in order to get a more objective for leadership perception.

